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# CREDIT

## *and Financial Management*

JUNE, 1943

In this  
ISSUE  
HIGHLIGHTS  
OF THE  
WAR  
CREDIT  
CONGRESS



# *Unsolicited Comments*

prove the value of

## **CREDIT TRAINING**

by the

## **Home Study Method**

*Just a few of the many appreciative comments from  
those who have completed the correspondence  
course in Credits and Collections.*

**Helen K. Bernard, Charles City, Iowa**

"I was pleased to receive your letter with the result of my final examination. I thoroughly enjoyed the course and it has proven very helpful to me in my work."

**Baxter Davis, Chattanooga, Tenn.**

"Throughout the duration of my course with the National Institute of Credit, my work has been very interesting and I have studied your comments finding them educational and applicable to every day business life."

**Ralph Hutchinson, Chicago, Ill.**

"May I again express my sincere appreciation for the personal attention you have given them (solutions to problems) and the constructive criticisms offered."

**Dorothy I. Kasbee, Cambridge Springs, Pa.**

"I enjoyed this course very much and am happy to have completed it successfully. I want to thank you again for your encouragement and thoughtfulness."

**C. F. Stephenson, Mansfield, Ohio**

"Not only has the course been very helpful to me, but I have derived much benefit from the magazine 'Credit and Financial Management' and Mr. Heimann's letter. . . . Please accept my sincere thanks for the help you have given me in this course. . . . Thank you very much for your comments on my form letters. They were helpful in making up a new set for actual use."

**Charles Regensburg, New York, N. Y.**

"It was time well spent, I feel, and have already found the knowledge gleaned of real service and value. . . ."

**M. N. Gilbert, Standard Oil Co., Huron, S. D.**

"There is certainly a great deal to be learned from the course in Credits and Collections and I will not hesitate to recommend it to any whom I can interest in this work. I feel that I have been well repaid for the time and effort and expense devoted to it. . . ."

"I assure you that I have appreciated the help you have given me in this work and value the comments received in your letters and have kept each of your letters for future reference."

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## **THE NATIONAL INSTITUTE OF CREDIT**

One Park Avenue, New York

Please send me full information about your course in Credits and Collections.

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# CREDIT

## *and Financial Management*

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*A Survey of Trends in Manufacturers' and Wholesalers' Activities*

Cover: "Training for Victory Day"—Photo from Acme, New York

Official Publication of National Association of Credit Men

Chestnut at 56th St., Philadelphia, Pa.

One Park Avenue, New York, N. Y.

Richard G. Tobin  
Editor and Manager

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ESTABLISHED 1898

VOLUME 45, No. 6

Published on the first of each month by the National Association of Credit Men, Chestnut at 56th Street, Philadelphia, Pennsylvania. Entered as second class matter December 22, 1933, at the Post Office at Philadelphia, Pa., under the Act of March 3, 1879. Subscription price \$3.00 per year, 25c per copy; Canada, \$3.50; all other countries, \$4.00 post paid. Copyright, 1943, National Association of Credit Men. The National Association of Credit Men is responsible only for official Association statements and announcements printed herein.



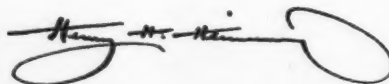
# *Trustees for Uncle Sam*

**CFM** Credit organizations and credit executives have a keen sense of responsibility with respect to trustee funds. In our present day economy this same sense of responsibility must permeate all business organizations. The mounting total of funds which must be deducted for the account of our Government by way of various forms of taxation, has forced a trusteeship upon every business organization.

As credit executives we urge business organizations to promptly take these funds, immediately upon withholding, and place them in a separate bank account. These funds should also be definitely earmarked on all balance sheets. They are not the property of the withholding agent and consequently cannot and should not be commingled with his business funds. If they are not separately earmarked on a balance sheet, all attempts to make a proper ratio analysis for credit will be useless.

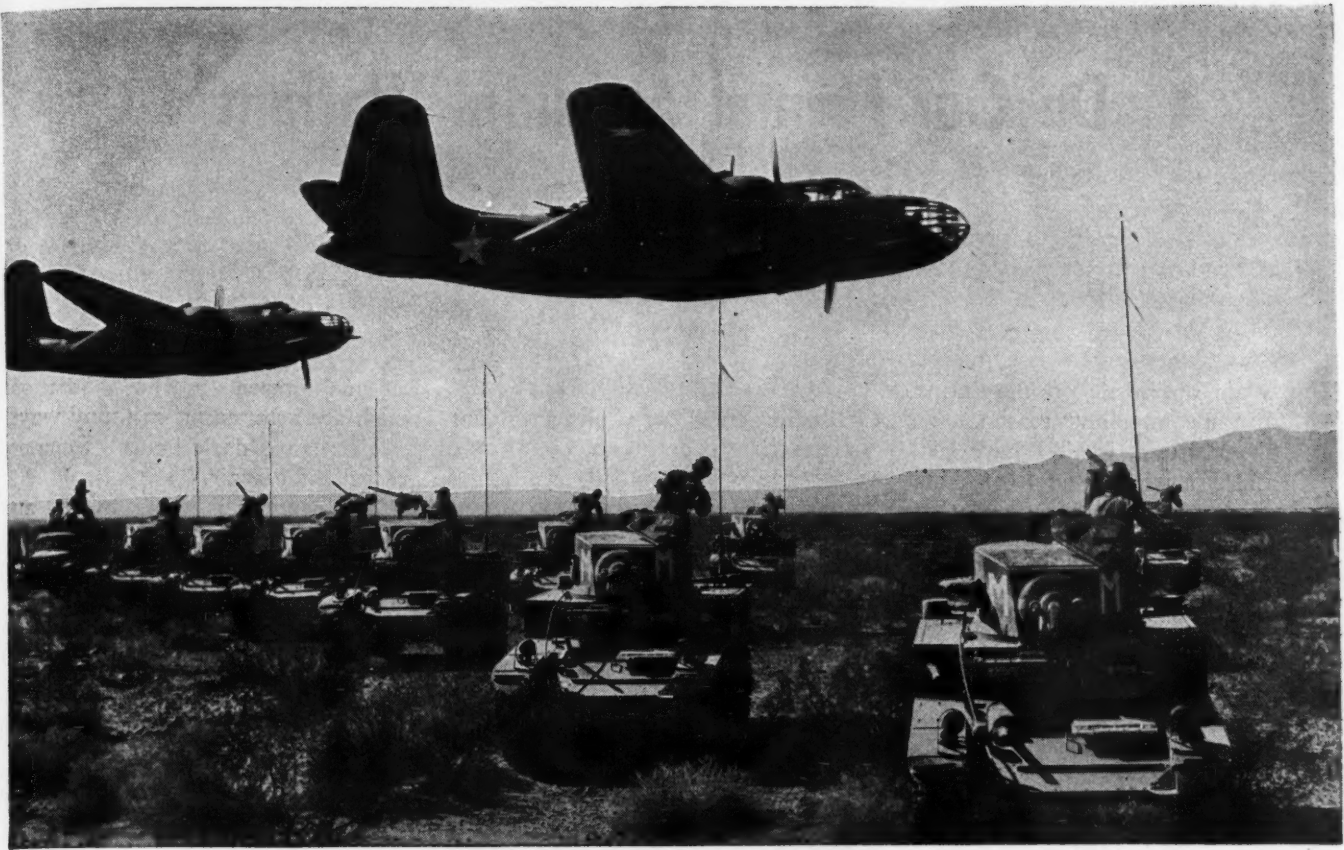
This Association urges each and every individual, partnership or business charged with the responsibility of collecting and holding funds for the government—be it local, state or national—to treat these funds the same as a diligent and prudent trustee would care for them and to proclaim in financial statements, through proper accounting terminology, the fact that these are in effect, as they are in reality, funds that are merely held by the individual, partnership or business for safekeeping. These funds must be disbursed at regular and stated intervals without fail, and therefore are in no sense to be considered as business assets.

We have for years acted as trustee for the Government as withholding agent for Social Security taxes. Since the first of the year it has been our job to withhold and remit the Victory tax for every employee on our payrolls. Now we shall be called upon to serve as the collecting agent for the Government for the collection of income taxes from every pay envelope on the pay-as-you-go tax plans. Our Uncle Sam looks to us as financial officers to see to it that these collections are remitted to the Federal Treasury promptly.



Henry H. Heimann





# A TEAM FOR *Victory!*

From the split-second timing of gridiron strategy to the perfect precision of plane-ground force coordination, efficient teamwork is an outstanding American characteristic.

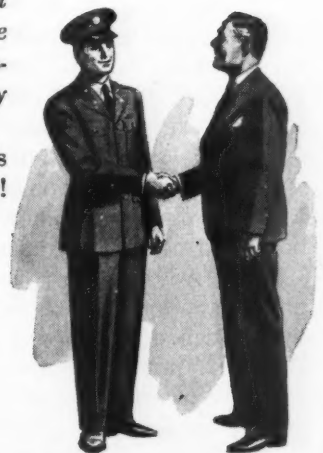
And it's a characteristic that American property insurance agents have demonstrated in this national emergency—in more ways than one. For instance, they are bringing sound insurance protection to American homes and American industry, and are maintaining efficient service to policyholders, in spite of many handicaps, such as shortage of help and curtailment of transportation facilities. And this in addition to many duties con-

nected with civilian defense—so important to the nation at war.

What's more, they are patriotically cooperating with our company in its modest contribution to financing the war through the Ninetieth Anniversary War Loan campaign in the following way:

*All new gross premiums collected on fire and other policies that the Home writes for the balance of the year are being invested in War Loan Bonds. These purchases are OVER and ABOVE the normal government bond purchases which the Company is continuing to make.*

That's American teamwork—and it's cooperation that can only spell Victory!



★ THE HOME ★  
*Insurance Company*  
NEW YORK

FIRE ★ AUTOMOBILE ★ MARINE INSURANCE

*Ninetieth Anniversary Year*

# Do Our Mental Attitudes Warrant A High Credit Rating?

**IF** I am optimistic on the future for one impelling reason. . . . the "future" is all I have left, and I haven't enough of that!

At any rate, it is in this mood that I want to express some of my views. Madame Chiang Kai-shek, said in a recent speech—"We live in the present, we dream of the future, but we learn eternal truths from the past." Well, let's take a little look at our past—in the so-called "good old days."

Our country was discovered by means of credit capital when Queen Isabella pawned her jewels to finance Columbus. It was developed by adventurous capital and indomitable courage. Our "private capital system," which has been responsible for the development of our country, is not now and never has been soft, but it has been mighty effective!

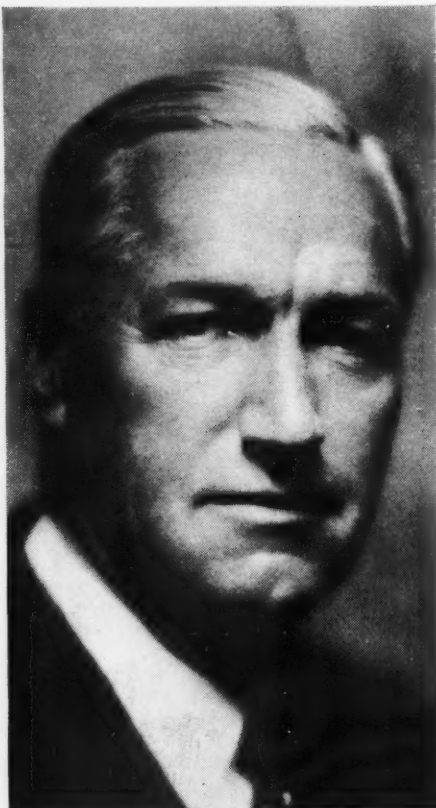
Our people have created one-half of the world's wealth, the great part of which has been created in the lifetime of the people now living. But let's not be too satisfied—we didn't always hit the "daily double" even in the "good old days!"

## Improvements of the Past

**L**OOKING at the past, can anyone dispute now the over-all improvement that the labor movement produced? Does anyone now doubt the fairness of the basic principles of collective bargaining, Social Security, or the development of our natural resources? Does anyone want to go back to the period when we had practically no corporate control?

Once—when we had a million emigrants a year—management did not have much of a labor problem, but labor certainly had some acute problems. Now that the pendulum has swung over to the other side we should devote our entire energies to swinging it back onto a more moderate course. The one thing which I

By **CARLE C. CONWAY**  
Chairman of the Board and President  
of the Continental Can Company,  
New York City



believe we can learn from the activities and tremendous growth of the past is that we have not paid enough attention to the human machine or the individual side of things. To run the human machine better is the challenge of the present and of the future!

The common failing of most of us is to pay too much attention to the things that bother us at the moment. I'll admit that the ache of an abscessed tooth is of more immediate importance to me than the sufferings of a million people 15,000 miles away. Ethically, that may not be so worthy, but as far as I am concerned, it's a fact. But at that, conditions are not so different from the past.

Let me present a few quotations which are astounding in many ways:

"These are dark hours—Senators are full of despair."

"The country is going to hell and the scenes witnessed are nothing in comparison with what we shall see here."

"The North is filled with sickness, disgust and despair over unequivocal evidences of administration imbecility."

No, this is not the present time—this was Lincoln's time in Washington in 1863 . . . in the dark days of the Civil War!

## We Have But One Job Today

**W**E must realize that the present is but a fragment of our country's history; we are still the Americans who built America and, as such, we will continue to overcome whatever must be overcome! Today, we have only one job—to help our boys win the war! And, in this effort, Industry stands absolutely united in the war program of our country. It is willing to sacrifice and to work as it has never worked before, for the common objective of our nation's interest. And I am prouder today of being a business man than I have ever been before!

For, despite the "divide-the-wealth boys" who do not produce the wealth they are so eager to share, it has been the "create-and-multiply-the-wealth boys" of American business who are performing, and will increasingly perform, the miracle of production in our nation's time of need!

## What a Future We Face!

**D**EMOCRACY may be slow—its processes may be cumbersome, but I have more faith in it today than I have ever had in my life! And what a future we have before us! Just a glimpse through the cracks in the fence thrill one—an unlimited



horizon of new enterprise lies ahead! Electronics; aviation; plastics; radio; new alloys and metals; better fertilization and control of the ground; television; dehydration; better containers for foods; stream-lined railroads; superior automobiles; better housing, etc. Yes, and perhaps even better and better credit terms! In these fields of activity we must also learn to apply in big business the principles of human relations such as we followed when our businesses were small.

We were . . . before the war . . . are now . . . and will be after the war, in a world revolution or evolution to determine the best means of controlling production for the future. When people realize the miracles production has created, neither they nor our boys when they come home, will willingly permit this production to remain idle for long.

The trend of the world is toward the full employment of the world's resources and the devices of modern technology in the interest of an ampler life and a wider opportunity for all men. The machinery we have made and the skills we have devised must be used to provide jobs and plenty for all who are willing to work!

### We Must Guard the Human Machine

**T**ECHNOLOGICAL improvements in the future, when they are of great magnitude, must be controlled as to the timing of their application. Other adjustments must be made so that the human machine—the individual—directly affected, through no fault of his own, does not suffer too severely. The economic shock to such individuals must be cushioned. We bring electricity in over the main power line at very high voltage but we transform it down before we use it in our plants or all the delicate electrical equipment used therein would be ruined. We, in industry, must see to it that we operate the "human machine" even better than we have the "material machine". We hear a great deal of talk about the conversion problem of machinery and equipment. If we will approach the human conversion problem with the same interest and the same desire, we will be going down the right road of the future! Reconversion of the



Mr. Conway at the War Credit Congress

"human machine" is the way to study the solution of reconversion to peacetime pursuits.

In the future, we must clear the green light for the human machine. We must have no red light of depressive limitations on incentive earnings, either of the laborers, managers or owners. Nothing must stand in the way of efficiency, lower costs and greater earnings for one and for all. For, after all, efficiency lowers costs—lowers prices—enabling more people to buy more things, *which is the only way to increase the standard of living!*

### Human Element in Credit

**I** AM reliably informed that the credit profession has always emphasized the human equation in our economic life. This is readily understandable since confidence and understanding among fellow men are among the essentials to a sound credit system. The fact that you, through your organization, have developed this confidence to the point where credit executives freely exchange information through a common national medium is a valuable asset to the credit system of this country. An expansion of this type of service cannot help but be a valuable contribution to American business.

In all of your other activities the

**Other Pictures Taken at War Credit Congress on Pages 18, 19, 20, 22, 24, 26, 33, 34, 35, 36, 37.**

human factor has been constantly kept in mind. It is a pleasure, for instance, to know that in your legislative activity, that in the various bankruptcy acts of the nation, which you largely developed, it has been your desire at all times to ask Congress to draft legislation that not only affords the creditor adequate protection, but gives equal consideration to the protection of the honest, unfortunate debtor.

You cannot know a man's credit without your knowing something about a man. The record of his paying habits through the application of sound analysis, reveals the character and capacity of the individual.

I hope in your educational work you will continue to stress the human equation and that in every credit transaction you will weigh it with consideration, among other things, for the social consequence of its acceptance.

### We Must Seek the Clear View

**S**O, let's devote every minute we are not trying to fight off a "personal toothache," to look for the hole in the stone fence of obstacles—political, social or personal—which opens out to greater fields of accomplishment than ever before.

The post-war world can be viewed with certainty in one vital particular—it will be a world of change . . . of drastic change!

Today we produce to destroy, but tomorrow we will produce to build! We will have at our command a hundred times what we had before—chiefly of new materials and processes. The material means will be at hand to perform feats that men have long dreamed of doing.

Let us add to our unparalleled genius for the material side of progress a renewed faith in the spiritual side. Yes, the Golden Rule aspect of handling the human machine, with its tremendous mine of ideas! And we will then go on to even greater and greater achievements!

Remember, it was a great pioneer . . . a great builder . . . a great business man—William Penn—who said:

**"MEN MUST BE GOVERNED BY GOD, OR THEY CONDEMN THEMSELVES TO BE GOVERNED BY TYRANTS."**



# Credit—Today and Tomorrow

## *Keynote Address at War Credit Congress*

By HENRY H. HEIMANN

**Y**ou and I are credit men. Like millions of other people each day we resolve to do our level best in our humble way to bring this world conflict to a close and restore, throughout the globe, the rights of mankind.

Many of our friends, relatives and children now are with our land or sea fighting forces in various parts of the world. Theirs is the primary job—to save the type of civilization we have known and have so dearly loved. We who are at home must in our daily life support these fighting men and women in every way we possibly can.

We need have but little vision to see that unless the present world struggle is concluded in a victory for the representative forms of government that recognize and insure the rights of mankind, then every other blessed thing that occurs in our daily life is of little consequence. Whether on the high seas, in foreign lands, or at home in the factories, the fields, or the shops, the greatest possible human effort is expected of us.

### Here's the Job We Face

**L**ET us consider how we can best discharge this responsibility—not only in our daily life but in the profession in which we are engaged.

First, as citizens we must have the vision to support our government in every war endeavor, irrespective of the fact that we reserve the right to disagree with it in matters of domestic policy. Under no conditions can we let the enemy believe that we have a divided front at home.

Second, as citizens we must realize that the outcome of this war depends largely upon the equipment that is furnished to those directly engaged in this war and that, therefore, we must dedicate every day during the

war to the utmost in production. In accordance with our ability to contribute to this production we can of our own power, within limitations, determine the duration of the conflict.

Third, we must recognize that we went into this conflict for a cause and that it will be of little avail if we win the victory on the field of battle but, in doing so, become so careless and indifferent to our home front as to permit the collapse or liquidation of the way of life this country has provided us.

### We Do Not Strive Alone

**F**OURTH, you and I know that when the hour looks darkest and when brutal dictators seem almost on the verge of complete success, some one people or some one incident always reaches out a staying hand and denies them the victory that their stealthy cunning and inhuman plans have designed. We know that in these instances it is the living spirit of some great nation or some great people that heroically maintains the struggle for civilization. But though we recognize it as a human force, deep down in our hearts we have reason to believe that this human force could not be delivered so opportunely without Providential aid. Therefore, it must be our purpose to strengthen the spiritual ties that bind our national family and moralize our people.

Fifth, if the cause for which we are fighting means what it does to the future generations of the world, then we of this generation must be unselfish in our devotion to that cause. We must cast aside any thought of selfish gain or the seeking of undue advantage and wholeheartedly enter the general sacrifice that is required of all of us.

Sixth, we must keep in mind our obligations and responsibilities to the men who are out fighting in the fields of battle. While they are carrying the crusade throughout the world, we must look through their eyes to see what they expect of us back home. We must, in so far as it is possible, try to maintain the same type of country they knew when they left these shores. And we must above all things try to maintain for them the same type of opportunities they had when they went out on this great crusade.

### Place of Credit in War

**L**ET us therefore proceed to an examination of our daily work to see how best we can be of service in this great crisis.

First, as credit men and credit women we should pledge ourselves to do everything in our power to see that credit is made available to the deserving who are engaged in this war production effort. This does not mean that we should extend credit to the unworthy or to the incapable but it does mean that we should constructively approach every credit request and endeavor in every way we possibly can to make credit available for the war production effort. The fact that people are engaged in war production does not mean that credit should be insured to them, for if they lack capacity or if they are wholly lacking in capital or are of questionable character then it is evident they could not satisfactorily complete their jobs in accordance with their contracts. In these cases, obviously, too generous a policy—one not based upon sound business reasoning—might embarrass our government, for production probably would lag and vital materials would

be misused and deliveries would be delayed long beyond the day of need.

Important Performance Records

AS credit men and credit women it is our duty to examine carefully everyone who would have us accept his credit and every industry which makes application for a credit commitment. This examination should proceed, first of all, along the lines of character, which is so ably reflected in the performance of the customer in the current period as well as in the period of the past. We must recognize in these war years, dealing in stupendous figures as we do, that capital in many instances is not so adequate as we might demand in peace-time and that therefore the character of the individuals engaged in business becomes of increasing importance. We who are credit men and credit women have long since recognized the importance of Character in credit and we have made it one of the outstanding principles upon which credit is accepted.

In an endeavor to evaluate credits without prejudice and upon a factual basis, we set up an organization known as the National Credit Interchange System. Having built that organization to a high state of efficiency, I say to you that no greater aid can be given to the war effort in the field of production than through the utilization of Credit Interchange reports. By utilizing this service we quickly determine whether or not individuals involved in war production have in the past met their obligations, are doing so now and, more important, largely through their paying habits we quickly determine the character of the people with whom we are dealing.

If there was ever a time in the history of credit when it is so essential that we know the type of man with whom we are transacting business, that time is now. And in appraising the character of a prospective customer we cannot rely upon hearsay evidence nor upon rumors nor upon references when there is available to us a factual, detailed report of performance. Production, I

would remind you, is based upon performance and not upon promise, unless that promise is written unmistakably in terms of performance. As a corollary to this premise we must as credit men and as our contribution to the war production, strengthen the means of procuring this character record by cooperating with our fellow credit men in constantly building a better Credit Interchange service.

Each morning as we go to our offices we realize that in war production the total amount of credit employed represents a staggering sum. We cannot afford to have idle credit dollars any more than we can afford to have idle manpower or idle military equipment. Our credit dollars must be on the march as are our soldiers in the field of battle. Our credit dollars must plow the high seas of commerce as do the battleships

this nation is bending every effort to do everything it can to produce more and more goods, there can be no reasonable excuse for the failure to live up to paying terms.

We as credit men and credit women, therefore, should go over our ledgers constantly and see to it that the idle dollars that are contained in the long past due accounts are converted into real live fighting dollars. The place for these dollars is rightfully with the army of marching dollars. Let us send these idle dollars to the department of our credit organization which we established for the purpose of this conversion. The Collection Department of your local organization is one of a number of national conversion schools established for you for this purpose. Do not delay in the registration of your accounts. Let our Adjustment Bureaus throughout the land convert all

of these idle dollars into live dollars so that our businesses may be provided with the credit sinews of war and so that every credit dollar represented in our business becomes a real, live, breathing, fighting war credit dollar.

As credit men and credit women you and I know that every business institution, irrespective of size, if reasonably well managed is a fighting unit in our armed forces. We must protect these fighting units as we would a fighting division in the field of battle. Whether it be a division of troops or merely a platoon, let us remember that a platoon plays just as important a part in the task assigned it as a division does in the larger field of battle. Therefore, as credit executives we have the responsibility to see to it that every efficient unit of business, ir-

respective of its size, is kept alive and in fighting trim. The moment we see signs of illness or lingering disease let us not turn to our home-aid medicine book but, rather, turn these sick business organizations over to the tender care of the skilled doctors and surgeons that we have set up for just this purpose.

The Adjustment Bureaus throughout the National Association of

UNITED, FREE!

(In closing his keynote address, Mr. Heimann quoted the following excerpt from Stephen Vincent Benet's great epic "Listen to the People."):

It's a long way out of the past and a long way forward.  
It's a tough way, too, and there's plenty of trouble in it.  
It's a black storm crowding the sky and a cold wind blowing,  
Blowing upon us all.  
See it and face it. That's the way it is.  
That's the way it'll be for a time and a time.  
Even the easy may have little ease.  
Even the meek may suffer in their meekness.  
But we've ridden out storms before and we'll ride out this one,  
Ride it out and get through.  
It won't be done by the greedy and the go-easies.  
The stuffed shirts, the "yes but" men and the handsome phonies,  
The men who want to live in their father's pockets,  
The folks who barely believe and the bitter few.  
It'll be done by the river of the people,  
The mountain of the people, the great plain  
Grown to the wheat of the people,  
Plowed by their suffering, harrowed by their hope,  
Tall with their endless future.  
It'll be done by the proud walker, Democracy,  
The walker in proud shoes.  
Get on your feet, Americans, and say it!  
Forget your grievances, wherever you are,  
The little yesterday's hates and the last year's discord.  
This is your land, this is your independence,  
This is the people's cause, the people's might.  
Say it and speak it loud, United, free. . . .

that seek out the enemy. We must marshal every possible credit dollar and put it to use. We must unfreeze every stagnant dollar upon our ledgers in order that they shall be mobilized for an all-out credit effort.

No Excuse for Terms Abuses

WE must recognize that in times like these, when the world is crying out for production and when



Credit Men are constantly dealing with business firms that are economically ill and the Bureaus are showing a remarkable number of cures. Let us not wait until the lingering illness has gone so far that there can be no chance of the saving of the business life. At the first sign of a slight temperature let us call in these specialists in the field of business medicine and economy and give them an opportunity to provide the cure.

In our individual responsibilities as credit men and credit women we must not seek to take advantage of the present condition. It may be an easy matter to destroy credit during times like these. To transact business on a cash basis is possible in times of stress and war but such a policy of liquidation of credit is not conducive to the development of a nation or to the maintenance of a high state of civilization. In so far as it is possible we should try to maintain terms that have been common in our industry, assuming these terms to be patterned along sound economic lines. And if they are not patterned along sound economic lines then the fact that we are in the struggle should not deter us from correcting a situation that we have all along desired to correct in peace-time but which, for one reason or another, could not be corrected.

Some of these recommendations may seem commonplace to you. But it is the commonplace things in life, well done, that make for a high state of efficiency. There can be no more patriotic service than doing the job we are called upon to do in civil life to the best of our ability and by using care in the selection of the proper tools that have been created for our use.

#### Look Ahead to V-Day

AS credit men and credit women you frequently are called upon to make recommendations or suggestions in the interest of maintaining a sound financial condition for your customers. I hold it to be our duty during these war years to constantly preach and act upon the doctrine of the necessity for adequate reserves to meet the great reconversion cost that will follow the war. I hold it to be our duty to daily emphasize the need of adequate capital reserves for the purpose of discharging the responsibility of production that will

come in peace time. As credit men and credit women you will have the responsibility of maintaining contacts with the different war activities agencies and you, being a member of your local Association, and as a member having a direct voice in its management, must insist upon your local Association maintaining these avenues of contact open for you.

You have the responsibility as credit men and women to see to it that the organization which represents your profession schedules for its monthly meetings and its discussions subjects of import in the war effort. You have a right to ask of these organizations that they display the vision necessary to give consideration to post-war problems. You are vitally interested in knowing that after the victory has been won that a program will be attempted that will lend to a higher standard of living and endeavor to make peace and happiness secure throughout the world.

#### We Seek a Better World

MOST of you during your lifetime have witnessed two struggles that have taken a horrible toll of human life and have spread misery throughout the world. We do not want to see this occur again. Surely we cannot be criticized for using every endeavor possible to see that it does not happen again. You and I have a solemn responsibility in our humble way to lend our shoulder to the wheel that fashions the program for a better world. This is not an utopian dream. It can become a reality if we put our head, heart and hands to the cause. As credit men and women you and I have a responsibility beyond our daily work which I might well emphasize at this point. In our daily lives we have an opportunity, after working hours, to do our bit in the different civilian defense agencies and in the different committees that are fighting so valiantly against the inflationary onslaught. If we have the time to devote in helping the O.P.A. or to assist in the War Bond drive or to serve as a warden against an air raid or to serve our country in any other way, be it the Red Cross, the U.S.O. or any of the other war agencies, I hold it to be our duty to render this service to the fullest extent possible.

You have every right to expect of your national organization that it

will use every effort in these war years to protect you in sound credit legislation, and that it will not allow a war period to be taken advantage of for the purpose of destroying much of the credit legislation that has been enacted for the protection of the honest debtor and the deserving creditor. You have every reason to expect your national organization, in its monthly magazine, to concentrate upon articles that will help contribute to the war effort and to discuss, month by month, items of interest in the credit world that arise out of war or that may be projected in the post-war period. You have every reason to expect that if you wish certain types of information from Washington, that the National Association should be in position to furnish it to you.

#### We Face Many Problems

IN the field of education, you have every reason to ask of the National Association and of your Local Association as well, that it schedule a sound practical approach not only to the war credit problems as they unfold, but to the post-war credit problems as they will develop.

If you happen to be a foreign trader, in your everyday routine credit work you know the value of foreign trade and you know the value of the contacts that ensue from the intercourse of trade among nations. You have every reason to feel proud of the fact that your national organization contributes to the stability of this type of trade and that it helps fashion, in its humble way, the practices and the regulations that control foreign trade. You must with pleasure make available to any military agency in the United States every conceivable bit of commercial information you have on any foreign country, including maps, charts and all other information on enemy territory. You have every reason to expect and to demand in your daily work as a credit executive, from the organization that represents your profession, that all of the foreign files, irrespective of what information they contain, be made available to every governmental agency whenever it so desires or whenever such information can be of value to our



government in its struggle with our common enemy.

You have reason to expect the foreign department of your Association to take a leading role in the development of a post-war international trade, one that will bring about a better understanding among the peoples of the world and one that will contribute greatly to the peace and happiness for which we all strive.

As credit men and credit women you have every reason to expect that as members of your professional organization your local or National Association will pass on to you such new developments as may be of value to you in your business and in your effort to aid the government in its war program. The soundness of credit is largely reflected in a thorough understanding. The strength of credit is the confidence that is back of it and the strength of that confidence must rest upon the proper type of credit legislation for its support. Again we of the National staff, and in the local offices as well, pledge to protect you in every possible way that we can in the field of legislation affecting credits.

#### No Place for Credit Crook

**E**VEN a war will not stop the credit crook and as a credit man or credit woman you can expect that your organization will continue to combat this evil and ferret out and prosecute the commercial credit cheat. Furthermore, the government of the United States has every right—and we recognize it—to demand the fullest possible information with respect to the credit criminals we have apprehended and which, largely through our efforts, have been convicted. It is our purpose, and has been at all times, to make all of these files available to our government. Particularly in war it is our responsibility to not wait until requested, but to be constantly on the alert and call to the government's attention any information that we have in our Fraud Prevention Department.

Turning once again to the field of publications, you have a right to demand that the Credit Manual of Commercial Laws emphasize and specialize in its war year editions on matters pertaining to the regulations of government as they affect contracts. You have a right to expect that the Monthly Business Review will deal

largely in problems arising out of war credit. You have a right to expect that this organization will play a leading part in fashioning a fair and equitable termination clause in government contracts. You have a right to expect that this organization will clearly set forth a sane and sound view with respect to the renegotiation of contracts.

Once again I return to the original theme. What can you and I do to help our country in this hour of trial? What can we do in our daily life that will contribute most to the war effort? The answer obviously is to do the job that we are accustomed to do in the most efficient way. In short, we must in these times put our heart and soul into our work and take pride in our profession.

I have pointed out some of the things we should endeavor to do in the discharge of our professional duties. I have indicated some of the tools we must utilize if we are to become proficient. I have indicated some of the responsibilities that you, as members, have in your directions to us who are your servants with respect to programs to insure a successful war effort and to insure at least a reasonable hope of a satisfactory post-war period.

#### A Profession with a Future

**T**HE profession of credit is a noble one. As I have frequently said, its development parallels the development and advancement of civilization. In your daily task you may feel that your job is menial, that it is without the chivalry that might be found on the field of battle. But I say to you in all sincerity that the credit profession is going to take its rank in the world of tomorrow as one of the greatest contributing factors to a peaceful world condition.

Yes, no doubt in the sleepless nights on the field of battle or in the turbulent nights on the high seas amidst the storms and the hurricanes, the boys—your boys and mine, your relatives and mine, your friends and mine—dream of the day when they will come back to the land they love so well. In dreaming of the day when they will come back to the land they loved so well I have no doubt that their greatest hope and expectancy is that you and I, who have remained ashore and who have tried to keep the home fires burning, will main-

tain a type of government they knew so well and which they left in order to do battle for civilization.

These boys do not ask the impossible of us. All they ask is that first of all we equip them as well or better than the enemy. Secondly, that in so far as we can, we maintain the country in about the same condition it was when they left it. Third, that upon their return they be given a reasonable opportunity in which to work out their own destiny. Could they ask for less? Could we undertake a responsibility that would be less? Are they not deserving of everything we can do?

If the credit men and women of this country do their job well, there can be no question that, when the peace comes, as eventually it must, and the post-war world greets us, we in this nation will be able to discharge our responsibilities towards the world. Credit—the dynamo of civilization—will play a most important part. In accordance with our ability to handle domestic credit in sound fashion so too we can and will learn to handle international credit on a sound and constructive basis.

#### Rewards for Our Efforts

**S**OME may say that we are dreamers if we would aspire to improve the living standards of the world. Some would say that we are having an utopian nightmare if we dream of the day when peace will be here for centuries to come. But I believe Providence in His wisdom would look approvingly upon any effort we make along these lines and feel grateful for the fact that, irrespective of how many times human beings have sought to create a better world and have failed, they still go on trying and striving, each time coming perhaps a bit closer. Eventually, it seems to me, these efforts must be rewarded.

When we read of the brutality of war and of the terrible suffering and starvation throughout the world, we shudder and perhaps wonder what the human race has come to. And there are other times—and I prefer to think of these—when we of this generation feel that after all we are privileged to take part in this great crusade—a crusade that cannot help but lift mankind—a crusade that leads the way to a higher type of

(Continued on Page 32)

# The Impact of Taxes on Credit

## An Accountant's Views on This Growing Problem

**OF** Benjamin Franklin said, "In This World, Nothing is Certain but Death and Taxes," and the stern reality of these words is being driven home today with a vengeance. The difficulty right now, however, in connection with taxes is, when and how are they to be paid. The effect of extracting enormous sums of money from the channels of business is naturally going to be most severe.

In 1942, I stated that tax reserves should be actual and not a mere book-keeping entry, and that 1942 profits could not be properly used to pay 1941 taxes. Many disagreed with my theory but it is sound and even if the government does not put taxes on a current basis, every business should.

Grave danger lies in the matter of taxes, and Chief Justice John Marshall said in 1819, "That the Power to Tax Involves the Power to Destroy, is not to be Denied." Nevertheless, we should all thank God that we live in this free country and will be able to pay the tax bill if we plan wisely, which we must do if we expect to win the war.

**BEARDSLEY RUMI**, Treasurer of R. H. Macy & Company and Chairman of the Federal Reserve Bank of New York states that some 27,000,000 citizens of the United States are in debt to Uncle Sam today for a year's taxes. The taxes are owed on income they earned in 1942. But, with the exception of the comparatively few persons who saved enough money last year to pay these taxes, the money to meet the bill must come out of 1943 earnings. Today, with Federal Income Tax rates at the highest levels in history, that tax debt has become a real national danger.

Let us see what would happen if

By **CHARLES E. FERNALD, C.P.A.**  
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Philadelphia, Pa.

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we have to pay two years' taxes during 1943:

Married Person	All Income Earned	No Dependents
1942	Net Income	1942 & 1943
\$ 2,152.00	\$ 10,000.00	\$ 4,304.00
9,220.00	25,000.00	18,440.00
25,328.00	50,000.00	50,656.00
64,060.00	100,000.00	128,120.00
106,536.00	150,000.00	213,072.00

It is obvious that any thought of paying two years' taxes in 1943 is simply out of the question.

The Ruml Pay-As-You-Go Plan is summed up in nine words—"It would turn our tax clocks ahead one year." Taxpayers will pay taxes this year and the Treasury will receive them this year. The only difference is that when a taxpayer dies, or ceases to receive income, he will not owe a tax bill as he does under the present system. He will be paid up-to-date. The question has been asked, "Wouldn't the Treasury eventually lose money, i.e., an amount equivalent to a whole year's taxes?" The answer is No. We would go along paying our income taxes as we have before except they will be on a current basis. Some feel that under the Pay-As-

You-Go Plan collections would increase. This undoubtedly is true because there would be less tax evasion and less opportunity to spend the money which should be used to pay the tax bill. It is my sincere hope that the Ruml Plan or some similar law will be adopted.

### Things to Watch

**I**N 1942, it was estimated that forty to fifty thousand small manufacturing companies would eventually have to go out of business due to the war program. It was my observation then that manufacturing companies in non-war industries were facing a problem of folding up unless they could convert at least part of their facilities to the war program. Also, I pointed out that specialty shops would be very hard hit and it would be better for many of them to liquidate immediately rather than have a slow death. The trouble is that many companies of this type will not stop doing business soon enough. In some lines, many companies liquidated immediately while some others which will not be able to stand the gaff are hanging on.

It is very difficult to decrease overhead as fast as volume decreases in most lines of industry. Credit men must realize there will be decreased volume in many lines in 1943 and increased taxes. Also, price ceilings must be watched carefully for some firms will be caught in that squeeze. One of the best examples of this is the meat packing industry. They have had fixed ceiling prices on their cuts while there was no ceiling on livestock prices.

### Why We Must Be Alert

**T**HE credit man must be alert and watch closely for the changes taking place in the balance sheets of business. Because of a large total of



taxes to be provided for, eventually in cash, the management of many companies is faced with new financial problems. When the taxes to be paid were relatively small in amount, it was not a problem as it is now when the same companies may have to pay 10, 20 or even 100 times the former amount. It is true that in some cases the earnings will be higher, but suppose the become invested in inventories and fixed assets. As I will point out later, business will have a problem to expand out of earnings, and reserves for taxes and depreciation will run into big figures. Management, in addition to obtaining accurate financial and operating information, will find that financial budgets are essential. It has been necessary for numerous companies to borrow money from banks to meet their tax obligations.

The tax load in 1929 was 2.3% of the gross income of all corporations leaving 8.5% as net income. By 1937, the figures were 3.7% for taxes and 5.7% for net income, while 1942 will take 7% for taxes and leave only 4.2% for net income. The amount of money available for dividends will be 80% of the 1926-29 average.

Ten years ago the tax on corporations was at the rate of 13¾% of net income. In other words, there was 86¼ cents left out of each dollar for the corporation to provide for dividends, expansion, reserves, etc. Today, the situation is reversed. Many companies pay 80 cents out of every dollar of net income, leaving 20 cents for dividends, expansion and the like. The other day a friend of mine said to me, "Have you seen the new American dollar?" and of course I bit and he showed me a nickel. He stated, "This is the dollar which is left after taxes." I know of some clients of ours who do not receive a nickel out of a dollar after paying corporation taxes and then paying personal taxes on the dividends received from the corporation.

#### Financial Changes Come Quickly

THE company shown in Case I has a very low invested capital and did not have a good earning record during the base period and, therefore, was subject to the maximum excess profits tax rate during 1942. There was a decrease of cash due to an increase in fixed assets. You can-

### CASE I Comparative Condensed Balance Sheet December 31

ASSETS	December 31		Increase + Decrease -
	1942	1941	
<b>Current Assets:</b>			
Cash.....	\$ 17,500.00	\$ 40,800.00	\$ 23,300.00-
Accounts receivable.....	140,400.00	50,700.00	89,700.00+
Inventories.....	120,500.00	35,400.00	85,100.00+
<b>Total Current Assets.....</b>	<b>278,400.00</b>	<b>126,900.00</b>	<b>151,500.00+</b>
<b>Fixed Assets (Less reserve for depreciation).....</b>	<b>162,000.00</b>	<b>36,500.00</b>	<b>125,500.00+</b>
<b>Other Assets.....</b>	<b>14,500.00</b>	<b>.....</b>	<b>14,500.00+</b>
<b>Deferred Charges.....</b>	<b>3,600.00</b>	<b>1,200.00</b>	<b>2,400.00+</b>
<b>Totals.....</b>	<b>\$458,500.00</b>	<b>\$164,600.00</b>	<b>\$293,900.00+</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Notes payable.....	\$ 25,000.00	\$ .....00	\$ 25,000.00+
Accounts payable.....	32,300.00	7,500.00	24,800.00+
<b>Accrued Liabilities:</b>			
Income and excess profits taxes ..	174,200.00	41,500.00	132,700.00+
Other.....	21,000.00	5,200.00	15,800.00+
<b>Total Current Liabilities.....</b>	<b>252,500.00</b>	<b>54,200.00</b>	<b>198,300.00+</b>
<b>Mortgage Payable.....</b>	<b>50,000.00</b>	<b>.....</b>	<b>50,000.00+</b>
<b>Total Liabilities.....</b>	<b>\$302,500.00</b>	<b>\$ 54,200.00</b>	<b>\$248,300.00+</b>
<b>CAPITAL</b>			
Capital Stock.....	\$ 85,000.00	\$ 75,000.00	\$ 10,000.00+
Surplus.....	71,000.00	35,400.00	35,600.00+
<b>Total Capital.....</b>	<b>156,000.00</b>	<b>110,400.00</b>	<b>45,600.00+</b>
<b>Totals.....</b>	<b>\$458,500.00</b>	<b>\$164,600.00</b>	<b>\$293,900.00+</b>
<b>Working Capital.....</b>	<b>\$ 25,900.00</b>	<b>\$ 72,700.00</b>	<b>\$ 46,800.00-</b>
<b>Current Ratio.....</b>	<b>1.10</b>	<b>2.34</b>	<b>1.24-</b>
<b>Average Tax Rate.....</b>	<b>80%</b>	<b>52%</b>	<b>28%+</b>

not expand out of earnings when you have an 80% tax rate. Only 20% is left for dividends, increased inventory prices and contingencies. If you are going to increase the investment in fixed assets, new capital must come into the business. Notes payable increased to the extent of \$25,000. Income and excess profits taxes increased \$132,700. Tax money was invested in inventories, receivables and \$75,500 in fixed assets. How is Uncle Sam going to be paid with fixed assets? Every three months he must be paid and he is the first to put his hand in the cash register.

The bank loaned the company money to pay the first instalment due March 15 and now what? If tax reserves had been actual this condition would not have arisen. The company would not have invested the additional money in fixed assets without getting new capital into the business. It was not borrowing from banks a year ago and, therefore, the bank did not get an interim statement. During these hectic days, interim state-

ments of some nature, if only a trial balance, would be very helpful to the credit man. The current ratio decreased considerably. The average tax rate increased 28%. This particular company was analyzed by me one year ago and I thought that it was then in a precarious condition as far as tax reserves were concerned. I was told that the 1942 profits would pay the 1941 taxes. It is about time that companies operating on a financial policy of this nature correct the error of their ways.

#### This Company Lacks Vital Materials

IN the Case No. 2, current assets increased in 1942 \$1,605,000. Fixed assets increased \$230,500 with an increase in long term debt, in the form of a mortgage, to the extent of \$150,000. Therefore, \$80,500 came out of working capital. One very interesting point is that cash and receivables have increased considerably but the inventories have not increased proportionately. It is running out of one



**CASE II**  
**Comparative Condensed Balance Sheet**  
**December 31**

ASSETS	1942	1941	Increase+ Decrease—
<b>Current Assets:</b>			
Cash.....	\$ 265,000.00	\$ 55,000.00	\$ 210,000.00+
Accounts receivable (Net of reserve).....	1,500,000.00	375,000.00	1,125,000.00+
Inventories.....	680,000.00	410,000.00	270,000.00+
<b>Total Current Assets.....</b>	<b>2,445,000.00</b>	<b>840,000.00</b>	<b>1,605,000.00+</b>
<b>Fixed Assets (Less reserve for depreciation).....</b>	<b>355,500.00</b>	<b>125,000.00</b>	<b>230,500.00+</b>
<b>Other Assets.....</b>	<b>90,000.00</b>	<b>90,000.00</b>	<b>90,000.00+</b>
<b>Deferred Charges.....</b>	<b>94,000.00</b>	<b>65,000.00</b>	<b>29,000.00+</b>
<b>Totals.....</b>	<b>\$2,984,500.00</b>	<b>\$1,030,000.00</b>	<b>\$1,954,500.00+</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Notes payable.....	\$1,200,000.00	\$ 100,000.00	\$1,100,000.00+
Accounts payable.....	420,000.00	140,000.00	280,000.00+
<b>Accrued Liabilities:</b>			
Income and excess profits taxes.....	300,000.00*	180,000.00	120,000.00+
Other.....	80,000.00	50,000.00	30,000.00+
<b>Total Current Liabilities.....</b>	<b>2,000,000.00</b>	<b>470,000.00</b>	<b>1,530,000.00+</b>
<b>Mortgage Payable.....</b>	<b>150,000.00</b>	<b>150,000.00</b>	<b>150,000.00+</b>
	<b>\$2,150,000.00</b>	<b>\$ 470,000.00</b>	<b>\$1,680,000.00+</b>
<b>CAPITAL</b>			
Capital Stock.....	300,000.00	250,000.00	50,000.00+
Surplus.....	534,500.00	310,000.00	224,500.00+
<b>Total Capital.....</b>	<b>834,500.00</b>	<b>560,000.00</b>	<b>274,500.00+</b>
<b>Totals.....</b>	<b>\$2,984,500.00</b>	<b>\$1,030,000.00</b>	<b>\$1,954,500.00+</b>
<b>Working Capital.....</b>	<b>\$ 445,000.00</b>	<b>\$ 370,000.00</b>	<b>\$ 75,000.00+</b>
<b>Current Ratio.....</b>	<b>1.22</b>	<b>1.79</b>	<b>.57—</b>
<b>Average Tax Rate.....</b>	<b>80%</b>	<b>56%</b>	<b>24%+</b>

\* Net of U. S. Treasury Notes Series C \$900,000.00.

certain vital raw material. At the present rate it is diminishing, it will only have enough of this one material to last several months and then the balance of the inventory will be of little value to the company. How is it going to pay the accounts payable of \$420,000, and the \$80,000 of other accrued liabilities making a total of \$500,000? There is only enough of accounts receivable to pay the notes payable and meet the Income and Excess Profits Tax Liability. The average tax rate has increased 24%. The current ratio has decreased from 1.78 to 1.22. Working capital has increased \$75,000.

It can be seen from these two cases how quickly the war and taxes can change the financial picture in the affairs of a company.

#### Some Check Points on Management

**C**REDIT men should watch the planning of management. Here are some items which should be scrutinized very carefully.

Partnership balance sheets and proprietorship balance sheets many times will not have a tax reserve. It is up to the Credit Manager to find out what this reserve for taxes will be. Some credit grantors feel that a reserve for Income Tax should be set up on a partnership balance sheet. From a strictly accounting and technical standpoint, this is not correct. The tax liability does not accrue to the partnership as the partnership return is only an information return and individual partners pay the tax. Therefore, the partnership tax reserve is not correct as it is not a joint and several liability of the partnership. A partner's capital account would be liable for that partner's taxes. It would be wise for a Credit Executive doing business with a partnership who desires to obtain additional information in an important case to ask for financial statements of the individual partners. The financial statements of the individual partners would show the investment in the partnership and also, if set up

properly, would show the tax liabilities of the partners. Also, a copy of the partners' individual income tax returns would be a valuable addition to any credit file.

Another real problem is to determine any contingent liability which may not be shown on financial statements, arising from additional income tax assessments. The reserve provided may be entirely inadequate when the tax returns are examined by an Internal Revenue Agent. Also, it should be determined if there is a contingent liability arising from the renegotiation of contracts by the Government. Some small companies are faced with returning substantial amounts to the Government which may cause financial distress. It is true that if they have paid taxes on the amount involved, that this portion will not have to be paid again. For example, if the Government claims that \$100,000 is due them on account of excessive profits and \$80,000 of taxes have been paid thereon, which would be the top bracket, an additional \$20,000 only, in cash, would have to be paid to the Government. This outlay of \$20,000 is quite likely to change the whole current position of a small company.

#### Uncle Sam Has First Call

**U**NLESS taxes are paid, Uncle Sam will issue a demand notice. Therefore, taxes will usually be paid before trade accounts payable. In many cases, the tax liability will equal 80% of the net income before taxes and this will leave only 20% to take care of rising inventory prices; increase in fixed assets; payment of dividends and provision for reserves.

Regarding the item of inventory, a determined effort should be made to learn if the company is short of certain vital materials. The customer may not be able to continue manufacturing even though his total inventory is considerably higher. Also, it should be determined, if practical, if the customer is set up properly from a priorities and allocation standpoint.

There is a shortage of cans for food companies, less rubber for rubberizing companies, lack of white sheeting for shirt manufacturers, scarcity of paper for greeting card manufacturers, and so on. It is the duty of the Credit Manager to watch

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# The Psychology of Credit Letters

## *Examples of Letters in Later Stages of Collections*

By HELEN M. SOMMERS  
Credit Manager  
Trojan Hosiery Mills, Indianapolis

Those charged with Collection activities will agree with Miss Sommers that the job of getting in the cash is quite naturally divided into three stages—preliminary, intermediate and final. Miss Sommers has covered all of these stages in her three previous chapters and now gives us some excellent examples of the effective letters for “last ditch” appeals. We doubt if there is any one problem more difficult for the Credit Executive than that of getting a check or even a reply out of that small percentage of customers who have let their account go “long past due.” You will note that in these “last ditch” letters, Miss Sommers applies the same psychology that has featured her entire discussion.—*The Editors*

Eliminating, one by one, the possible reasons for non-payment, the second paragraph leads to a delicate questioning of the customer's good intentions. Though the doubt is ostensibly expressed in the form of a statement of confidence, the implication is nevertheless there.

The last paragraph appeals to fairness.

Gentlemen:

Frankly, we are in a quandary. After five reminders about your account, we can't understand why we haven't received a response.

Undoubtedly you received the merchandise. You cannot have overlooked the account, for our letters have been regular. The amount is not large, and it therefore cannot be a question of funds. We are consequently at a complete loss to understand your silence, for we certainly do not believe that you are deliberately seeking to evade payment.

The itemized statement attached shows exactly what charges make up this balance of \$20.95, and duplicate invoices give you full information.

Don't you think we deserve an immediate remittance, or a letter of explanation?

Yours very truly,

A straightforward appeal to fairness.

Dear Mr. Blank:

It is so contrary to the policy of this company to permit a customer's invoices to run seriously past due that I am really hard put to give the management a satisfactory answer as to why your account still shows unpaid January invoices.

Knowing that you were confronted for a while with

trying problems, I have tried to treat your account with special consideration, feeling that you would as quickly as possible bring your affairs into shape and begin paying us promptly again. Instead, your account has been running more and more delinquent, and your present balance is now nearly ninety days overdue!

I sometimes feel that when there isn't enough ready money to go around to all the creditors on the 10th, it is the one who clamours the loudest for his money that gets paid. This hardly seems fair to the creditor who is more lenient and considerate in his attitude. While I would hesitate to believe that you would purposely abuse our lenience, I am frank to say that I am certain you could have sent us at least a partial payment long before the account reached its present state.

Now I am depending upon you to make this situation right without further delay. Send us your check for the full amount, \$227.32, TODAY. Then we'll feel better about it, and so will you.

Yours very truly,

### A Short Letter May Bring Action

AN appeal to self-interest, and a challenge to his good intentions.

If preceding letters in a series have been long, the forcefulness of a short letter will sometimes jog a lethargic debtor into action.

Dear Sir:

Now look, Mr. —, we want to act to your best interests, but how can we if you continue to ignore our letters about your account?

Don't you think it would be better to show us that you have the right attitude toward this obligation by sending at least a partial payment today, and a fair arrangement about the balance?

Then we will cooperate too.

Yours very truly,

A challenge, and a strong appeal to pride.

Dear Sir:

A promise is a promise!

When we opened your account last November, we had your assurance that it would be paid promptly, thirty days after shipping date.

In that case, we would have received your check on December 30, for our first shipment to you. Instead,

we heard nothing from you until February when you sent us two small payments on account. Now, nearly three months after the invoice was due, a \$45 balance is still unpaid!

The amount isn't large. It's not worrying me half as much as the loss of faith. I took a personal pleasure in okaying your orders because I had complete confidence in you. I want to keep that confidence.

A \$45 check will do the work. Now how about it?

Very truly yours,

#### Appeal to Fairness

**B**Y reminding the customer of the fair treatment he has received, this letter is aimed at his own sense of fairness.

The appeal to fear in the fourth paragraph is softened by a simultaneous appeal to goodwill and pride.

Dear Sir:

The \$25 you owe us will soon be a year old!

Out of consideration for the unfortunate circumstance which overtook you last fall, we have been especially lenient. Our regular policy would have required placing the account with an attorney months ago.

Recent bulletins issued by Credit Interchange Bureau indicate that other companies have not been so considerate, but have placed their accounts for collection and that you have been making payments to them. We cannot help but feel, therefore, that our leniency has not met with the proper reciprocation. With a special effort you could have liquidated this balance long ago.

It would be a matter of extreme regret to us if after all this time we, too, would have to adopt unpleasant means to collect the account. I don't believe that is necessary—DO YOU?

Then send us a check today!

Yours very truly,

The appeal to self-interest in the opening sentence is directly tied up with the appeal to fear in the third paragraph.

Dear Sir:

You are not being fair to yourself! We have tried in every way to cooperate with you, but our efforts have not met with the proper response.

Your account amounts to \$213.76. These are June invoices. That means they are 100 days past due! You haven't sent us a check for any part of the balance, or answered any of our letters.

Up to the present our point of view has been in your favor, but when an account becomes so seriously past due, we have to consider our own interests, too. We should greatly dislike to enforce collection by sterner measures, but that will be necessary if we do not receive your check by next Monday.

Surely you prefer to settle the account on a friendly basis. So do we.

We shall be expecting your check.

Yours very truly,

The appeal to fear is directed into positive channels by a forceful presentation of the value of his credit standing.

Dear Mr. Blank:

We cannot believe that you would permit a \$45 account to reach the hands of an attorney. After all, \$45 is only a small amount. Your credit standing which is bound to be affected, is worth many many times that amount to you.

Legal action is expensive and annoying to the debtor, and we certainly don't like to resort to it, but our efforts to work with you in the usual way have not met with the proper response.

The account is scheduled to go to our attorney Tuesday, April 29. Don't you think it would be much better to take advantage of the opportunity to send us a check before that time, and settle the account in a friendly way?

We'd like it better that way, too.

Very truly yours,

A notice of impending legal action which is reinforced by an appeal to self-interest.

Gentlemen:

It is only fair to tell you that your account is scheduled to go to our attorneys next Monday.

Since legal action is both expensive and embarrassing to the debtor, in the few cases where we are compelled to resort to it, we always give the customer fair notice, and a final opportunity to settle the account on a friendly basis.

The amount is \$236.75. If your check reaches us by Saturday, that will settle the account on a much more satisfactory basis for both of us. We sincerely hope you will do it that way.

Yours very truly,

#### Use of Social Pressure

**S**Ocial pressure is used to show the customer that he belongs in the group with the majority, who have honorable intentions about their account. The appeal is principally to pride, with minimum emphasis upon fear.

Dear Sir:

Do you know why I like my job? Because I deal with people, and I get an opportunity to learn a lot about human nature.

My experience has taught me that 99 out of 100 people have honorable intentions toward their obligations, and discharge them in the right way. I'm glad I can base my confidence in human nature on observations like that because it makes credit work a pleasure.

Mr. Jones of our collection department brought your account to my attention this morning, and recommended that since it is 90 days past due it should be placed with our attorneys for collection.

I can see his point of view. The account should be paid immediately, but I really don't believe it should be necessary to resort to such drastic measures to collect an honest debt from a man of your standing.

I'm going to hold your file on my desk until next Monday, and give you another opportunity to send us a check for the full amount, \$275. Of course if it is not received, then we will have to act upon Mr. Jones recommendation, but I am confident that you will not make that necessary.

Yours very truly,

(Continued on Page 23)



# Post-War Markets for Food Products

## *A Discussion of Possibilities After V-Day*

By J. HAROLD STEHMAN

Division of Industrial Economy, Bureau of Foreign and Domestic Commerce

**FM** "Markets After the War—An Approach to Their Analysis," is the subject of a recently released study prepared in the Bureau of Foreign and Domestic Commerce.

Every businessman who has been thinking about or making plans for post-war business would find this pamphlet interesting and provocative. It will arouse a host of questions in the mind of the reader—questions on the theories, assumptions, the hypothesis and general concept of the study, the techniques and methods of projection of a pattern of expenditures into the future, and even perhaps doubt about the validity of this kind of approach to long-term business planning.

Running through all post-war thinking is the question of just what is a desirable goal for all economy after the war. The economist speaks of "full employment," but with the realization that this is not a practical possibility. The phrase "fairly constant employment" used by Senator George in his recent address before the United States Chamber of Commerce, may become a more popular one. The Senator's terminology recognizes that even under optimum conditions there will be some slight unemployment resulting purely from the fact that our industrial economy is a dynamic one and, therefore, requires some flexibility. Neither is it likely that seasonal fluctuations of employment will be entirely eliminated.

### What Is Desirable Goal?

THE businessman is more apt to state his idea of a desirable goal for the economy in terms of opportunity, abundance, and capacity

operation. His desire lies in the direction of a system which strengthens incentives and expands opportunities for individual initiative and business enterprise. Still others may state their goal in terms of further desirable characteristics. Since the war has so well demonstrated the country's capacity to produce and the beneficial effects of a high employment level to both producers and consumers, "Markets After the War" focuses attention on the following three important questions without any attempt to predict employment or forecast markets for specific products:

1. What would total business volume be if most of the people who will want to work after the war do have production jobs?

2. How does the war affect the possibility of reaching that goal? What will be the magnitude of the accumulated demand for goods? How big a backlog of purchasing power in the form of extra savings? What obstacles must be overcome?

3. What opportunities would such a national market offer the individual business? How can this market potential be measured?

With this starting point from which each individual businessman can exercise his own judgment as to the situation which may face him in the post-war period, it is not only interesting but thoroughly appropriate to speculate on the possibilities of attaining the statistically projected expenditures for food in the year 1946 (assuming the war's end in 1945), under a near full employment level, and with 1942 prices prevailing. These are the three assumptions on which the Bureau's overall analysis was based.

### 34 Billions for Foods

PROJECTED expenditures for all foods (including beer, wine, distilled liquors, and soft drinks) under these assumptions amount to nearly 34 billion dollars. Such a consumer outlay for food products would be 62 per cent greater than the 21 billion dollars spent in 1940. Since one of the assumptions is that prices will be at the 1942 level, this projected increase must be brought about by absolute increases in consumption, or shifts from lower to higher priced foods.

Such an increase would mean that consumers must eat 62 per cent more food, or eat food that would be 62 per cent greater in value. Actually, the quantity, quality, and variety factors probably would all contribute to the increase; a greater quantity of food would be consumed, and the quality and variety would be at a higher level.

Granting the assumptions made, the hypothecated increase in food expenditures during the post-war period does not seem impossible. In fact, when it is noted that consumers spent approximately 31 billion dollars for food in 1942—a year of relatively moderate restrictions—when the gross national product was about 152 billion dollars, it makes the projection seem quite reasonable. If for no other reason, food expenditures will increase because the population will be greater and there will be more people to consume food.

### Other Factors Must Be Considered

BUT this is only one consideration. It has been estimated that in 1929 about 70 per cent of the

families in the Nation had incomes lower than \$2,500 level, a 40 per cent increase in the consumption of food products could have been expected—from 10 to 15 billion dollars.

Another study, based on the 1935-36 expenditure pattern, indicated that an increase in national income from 50 to 80 billion dollars would have raised aggregate food expenditures from about 15 billion to nearly 20 billion dollars.

Such comparisons immediately highlight the probable effects of the higher disposable incomes which are corollary to a high level of employment. It would appear that the most tremendous and fruitful possibilities exist with respect to increased food expenditures arising out of the purchase of higher quality products, specialty items, and food products now available for relatively limited distribution because of their relatively higher prices.

As an example, a study of weekly sales of oranges by retail outlets in high and low income areas of New York City may be cited. This study covered the months of October and November 1939 and March of 1940. In the first month studied, the dollar value of sales of oranges in high income areas was more than twice that of sales in low income areas. In the second and third months studied, consumers in high income areas made purchases of oranges valued at almost three times as much as did people living in low income areas. The data indicate, further, that the increased value of sales to high income groups arose only partially out of the greater volume involved—the increased value per pound of oranges contributed materially to the greater value of sales in the high income areas.

Other possibilities for increasing the value of products sold, independent of any increase in volume, might be achieved by manufacturing ice cream from milk with higher butter-fat content, or by fortifying food products with vitamins.

#### Production Volume Involved

ONE of the problems which might prevent an early achievement of the hypothesized increase in food expenditures relates to the question of whether the necessary volume of goods can be made available for United States civilians in 1946.

Granting that producing facilities, including labor, are maintained at full capacity from the end of the war through the immediate post-war period, the production and supplies of commodities may not be adequate as early as 1946 to make possible expenditures for food at the level indicated by projecting 1922-1941 relationships. As a matter of fact, it is not improbable that rationing of some food items will necessarily continue into the post-war period.

The extent to which production can support expenditures at the projected level is certain to vary as between different food products. The first reason for these variations relates to differences in the percentages of total production of various commodities which will be diverted from normal trade channels during the immediate post-war period. It is entirely possible that foodstuffs will assume an even greater importance in the immediate post-war period than during the war. The volume of food diverted from regular trade may be greater both in absolute amounts and relative to other commodity groups. That is to say, exports of canned milk may increase both absolutely and relative to the exports of certain types of durable goods.

#### Food Conference to Discuss Problems

THE importance of food products in rehabilitation plans is highlighted by the coming food conference of representatives of the United Nations. Some results of this conference will, no doubt, be available by the time this article is in print. The immediate need in liberated areas will be food. This need will tend to reduce that part of United States food production which would be available for consumption in this country.

A factor tending to reduce the diversion of foodstuffs from civilian channels will be the demobilization of United States and other United Nations troops which will lessen military requirements. That portion of the requirement ordinarily lost through sinking in transport or destroyed as a result of direct operations will be entirely saved. Also, the difference between average per capita consumptions by the military and civilian populations may be narrowed. However, this operation will very

likely proceed slowly for quite some time after the war is over.

Aside from the question of how large a percentage of food production will be diverted from normal trade, another, and perhaps more important, problem has to do with the length of time required to increase the production of different types of commodities, to develop the production of new commodities, or to improve the quality of old ones. The significance of this consideration is apparent; the quicker that production can be increased, the greater is the possibility that production will be sufficiently great to supply an increased demand and support expenditures at a high level.

#### Production Period Complicates Picture

WIDE variations exist in the time required to increase the production of different commodities. The production of fruit, for example, cannot be increased substantially from one year to the next. A period of years is required to plant the trees and bring them into production. The utilization of a given production of fruit may be shifted, as, for example, from dried fruit to frozen fruit, but the over-all production cannot be increased rapidly except, of course, that the same trees may yield more fruit one year than the preceding year, due to the application of more fertilizers, greater care and cultivation, and more favorable weather conditions. The same factors apply in the case of beef and dairy products and many other items.

On the other hand, the production of vegetables and cereal crops may be increased quite readily from one year to the next by planting greater acreages. However, even in cases where production can be increased fairly rapidly, a careful distinction must be made between increasing over-all food production, and increasing the production of one commodity at the expense of decreasing the production of another. At any given time, limitations exist as to the over-all increase possible. These limitations include the immediate availability of land suitable for cultivation, fertilizers, machinery, manpower, and similar productive resources.

An increased utilization of any one or any group of these productive



factors for one purpose necessarily decreases the availability of those factors for the production of other commodities. Of course, none of these considerations preclude the possibility of commodities affected by them from contributing their share of a high consumption in subsequent years.

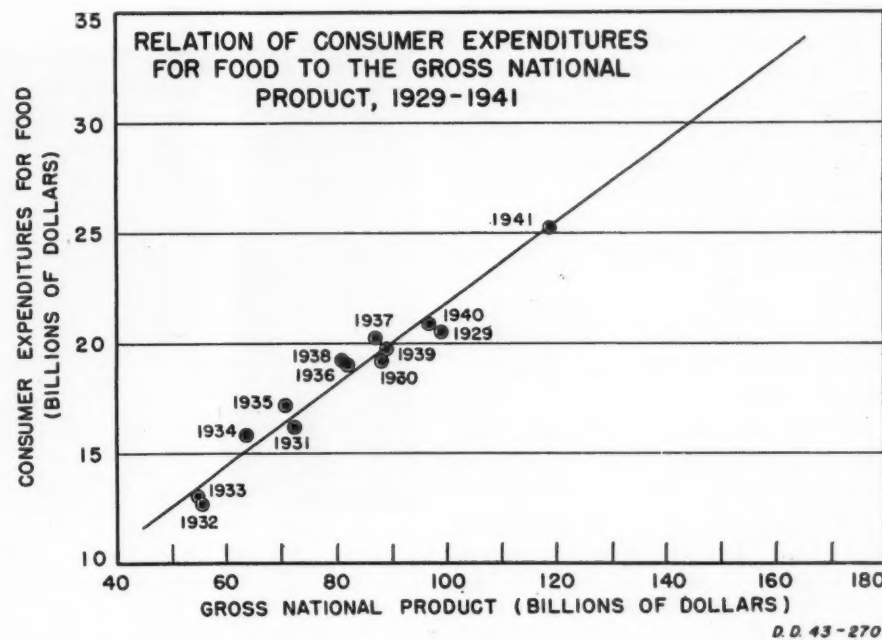
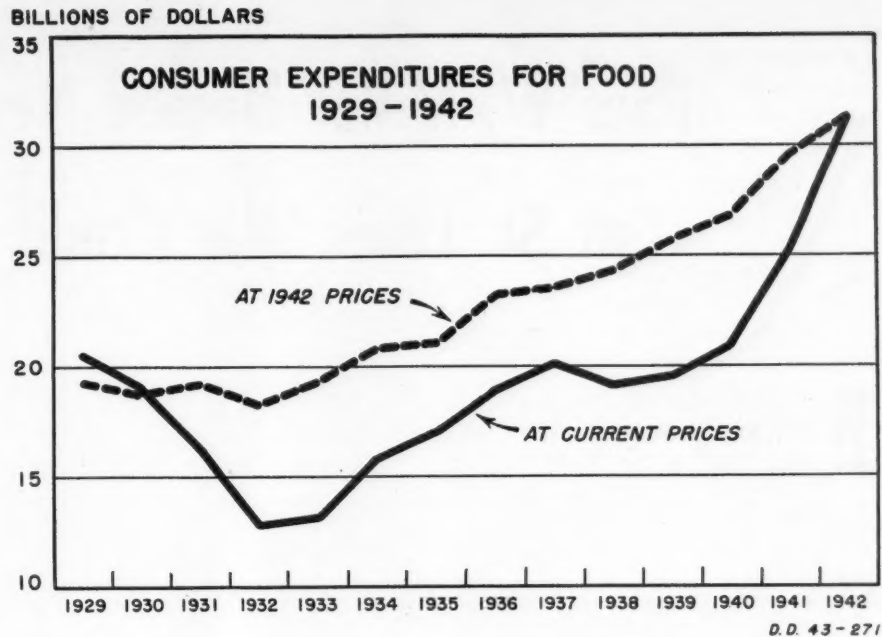
Increases in Food Expenditures

THE relative increases in expenditures for food compared with those for other types of commodities, and the relative increases in the consumption of particular food items would depend in part on the distribution of the increased income among various income groups, among consumers in various regions, among rural and urban dwellers, and among different sized families.

Significant changes in this direction can result from regional changes in the degree of industrialization, in turn caused by the growth of new industries based on war developed products such as plastics and other synthetics. A permanent aluminum industry in the Pacific Northwest would markedly change the industrial position of that area. New changes in working hours and wage rates will also have varying important effects in different areas.

Space does not permit the exploration of the effects of all of these income relationship factors, but a few comments are in order. People in lower income groups customarily spend a much larger percentage of their income on food than do those with higher incomes. Therefore, to the extent that the increased income was enjoyed principally by lower income groups, the relative increases in expenditures for food probably would be greater than those for other types of goods. Moreover, the types of food consumed vary in accordance with income levels. Lower income groups not only spend a larger proportion of their income for food, but a greater percentage of their food expenditures are for essentials, rather than for specialty or luxury items.

The foregoing relates to increases in expenditures for food relative to those for other types of goods, and increases in expenditures for particular kinds of food relative to increases for other foods. On an absolute basis, total expenditures for all



food and most types of food contributing to this total should increase markedly.

World Picture Changes

ANOTHER complicating factor in appraising post-war expenditures for food relates to disruptions and rearrangements of the export trade of foodstuffs which have occurred as a result of the war. Pre-war trade relations may not be re-established even after the war is ended and shipping problems no longer exist. Some markets for food products may become of minor importance after the war, while other countries may rely on the United States for certain

foodstuffs for many years to come.

As an example of markets for particular kinds of foods that may disappear permanently, a certain development in the Western Hemisphere is cited. A concerted effort has been made by many of the other American Republics to increase their production of foodstuffs and thus decrease their dependence on outside supplies needed to maintain the operation of their economies at a satisfactory level. To the extent that the efforts on the part of these countries are successful, it is possible that these relatively new foreign food industries, established because of the exigencies of war, may be continued

(Continued on Page 31)

# Paul W. Miller Named New President at St. Louis War Credit Congress

**CF** The War Credit Congress of the National Association of Credit Men held in St. Louis at the Jefferson Hotel, on Monday, May 25, 26 and 27, will be recalled in future years as one of the most important and intensive conventions N.A.C.M. ever held. The registration was 10 per cent larger than the total at the Cincinnati Convention the year before although the number of wives and family members was considerably reduced. Out of a total of 1586, 1432 were active credit managers. These figures indicate the intense interest shown by financial executives in the program at the general convention and also at the industry group sessions.

From the time that National President Bruce R. Tritton accepted the gavel from V. C. Eggerding, of St. Louis, who served as General Chairman of the War Credit Congress, until Paul W. Miller, of the Atlantic Steel Company, Atlanta, Ga., was installed as the new President of N.A.C.M. and the delegates joined in singing "Auld Lang Syne," there was an intense earnestness in the discussion of all credit plans affecting business during the war period as well as plans for the forward march of business after Victory Day.

## Robert Griffiths New V-P.

**T**HE Convention closed with the report of the Nominations Committee and the unanimous election of the nine new members of the National Board of Directors, the re-election of Robert L. Simpson, C. T. Patterson Co., Inc., as Vice President in the Central Division, and E. L. Blaine, Jr., Peoples National Bank of Washington, Seattle, Wash., as Vice President, Central Division. The new Vice President in the Eastern Division is Robert Griffiths, International Heater Company, Utica, N. Y. The new President, Paul W. Miller, has served

the Association as Vice President for the past two years.

The nine new National Directors are:

District No. 2: F. Clifford Heath, Sealright Co., Inc., Syracuse, N. Y.; Harry J. Delaney, Meinhard Greeff & Co., New York, N. Y.

District No. 3: Fred S. Bennett,



*Paul W. Miller Delivers his Inaugural Address*

The Aluminum Cooking Utensil Co., Pittsburgh, Pa.

District No. 4: K. C. Sommers, Youngstown Sheet & Tube Co., Youngstown, Ohio.

District No. 5: Gus C. Klippel, Van Camp Hardware & Iron Co., Indianapolis, Ind.; Russell C. Flom, Menasha Products Co., Menasha, Wis.

District No. 6: E. N. Ronnau, Cook Paint & Varnish Co., Kansas City, Mo. (one year term); C. C. Heitmann, Armour & Company, Fort Worth, Tex.

District No. 7: F. C. Aldridge, Linde Air Products Co., Birmingham, Ala.

As the Convention closed, Executive Manager Heimann was showered with congratulations on the ex-

cellent program at the general convention sessions and Roy A. Colliton and R. V. McCollum, who had charge of the industry group programs, also received high praise for the excellent arrangements for the individual industry groups.

The Convention got under way promptly at 9:30 Tuesday morning when V. C. Eggerding of the Gaylord Container Corporation of St. Louis and General Convention Chairman, declared the 48th annual convention of the National Association of Credit Men formally opened. After invocation by the Reverend John J. Butler, President, Catholic Charities of St. Louis, and presentation of the National colors by a squad from Jefferson Barracks, Chairman Eggerding presented the gavel to Bruce R. Tritton, Vice President of the American Stove Co., Cleveland, and National President of the Association.

Mayor William D. Becker of St. Louis welcomed the delegates in a short address and O. E. Dede, President of the St. Louis Association, bade the visitors welcome on behalf of the St. Louis Association of Credit Men. Past National President, Edward Pilsbury, B. Rosenberg & Sons, New Orleans, responded to the greetings on behalf of the National Association of Credit Men.

The work of the Convention was formally opened when Henry H. Heimann, Executive Manager, on leave, delivered the Keynote Address. A copy of this address appears on page 6 of this issue. The Executive Manager's terse outline of what part credit must play, both in the war period and after Victory-Day, was widely quoted in the St. Louis papers and carried throughout the country on both the Associated Press and United Press wires.

The closing address of the Tuesday morning session was given by



Ralph W. Carney, Vice President and General Salesmanager of Coleman Lamp and Stove Company, Wichita, Kansas. Mr. Carney, who has been called upon frequently in the last six months to address similar gatherings of business men, reviewed the business situation after World War I and pointed out the dangers facing business when the present conflict is over. Mr. Carney proved a very entertaining and enlightening speaker and held the audience in close attention for almost an hour.

The Tuesday afternoon session was organized as an Inter-industry Conference. Oscar S. Dietz, General Electric Supply Corporation, of St. Louis, and a member of the National board for the past three years, presided at this session.

The first address on Tuesday afternoon was given by Carle C. Conway, President and Chairman of the Board, Continental Can Corporation of New York City, the text of whose address "Do Our Mental Attitudes Warrant a High Credit Rating?" appears on page 4 of this issue.

E. William Lane, Treasurer, American Screw Company, Providence, R. I., followed with "An Appraisal of Post War Credits." Mr. Lane was followed by Gus C. Klippel, Van Camp Hardware and Iron Company, Indianapolis, whose subject was "Plans for Meeting Post-War Credit Hazards." The texts of both Mr. Lane's and Mr. Klippel's addresses will be published in the July issue of *Credit and Financial Management*.

C. Scott Fletcher closed the afternoon session with an inspiring talk on "Industry's Part in Winning the Peace." Mr. Fletcher is General Salesmanager of the Studebaker Corporation, South Bend and Director of Field Development Committee for Economic Development, Washington, D. C.

On Wednesday, the delegates met in industry groups, some 26 different programs being provided. One of the main features of Wednesday was the Foreign Trade Bureau of the St. Louis Chamber of Commerce, the Export Managers Club of St. Louis, the Mississippi Valley Association, and the Foreign Credit Interchange Bureau of the National Association of Credit Men.

At the luncheon a foreign trade club of the St. Louis chamber of commerce, was presented with the award



by the Inter-American Commercial Arbitration Commission in recognition of its collaboration in the advancement of Inter-American Arbitration and friendly trade relations. A further report on the program of the Foreign Trade sessions is found elsewhere in this issue.

On Thursday morning the delegates were called to order promptly by Bruce R. Tritton at 9:30 and after invocation by the Very Reverend Dean Sidney E. Sweet of Christ Church Cathedral, St. Louis, Ray C. Wilson, Past President, presented a report of the National Membership Committee. The high-lights of this report are presented elsewhere in this issue. The executive manager then gave his annual report on the past year in the National Association of Credit Men. This report appears on page 30 of this issue.

R. L. Simpson, President, C. T. Patterson and Company, New Orleans, Vice President of the National Association of Credit Men, and Chairman of the National Resolutions Committee then presented the statement of policy worked out for the War Credit Congress.

After a stirring address by George Sokolsky, radio commentator and columnist, on "Accounting for the Future," President Tritton presented the report of his administration of the National Association.

Ray C. Wilson, as Chairman of the National Nominations Committee, then presented the names of the officers and directors proposed by the Nominations Committee. After the

usual election, these officials and new directors were formally presented to the convention, after a march down the center aisle lead by a drum corp.

The 1943 War Credit Congress will be recorded in the tradition of the NACM as one of the most active in recent years. Interest in the discussions both in the main convention program and in the industry group sessions was quite pronounced. Attendance at the group sessions was much larger than in recent years. Most of the groups met at 9:30 Wednesday morning, had lunch at their meeting room and continued during the afternoon, when many problems arising out of credit work in the war period were presented and discussed by and with fellow credit executors in the same industry.

The registration at the St. Louis War Credit Congress was a trifle larger even than at Cincinnati in 1942.

Tuesday night the usual division dinners were held. The New York dinner at the Hotel Jefferson was presided over by Harry J. Delaney who is just completing his second term as President of the New York Credit Men's Association.

The Western Division dinner was presided over by Owen Dibbern, Manager of Western Division for N.A.C.M. E. L. Blaine, Jr., National Vice President represented the Western Division acting as Toastmaster.

The Indianapolis Association gathered together for breakfast on Tuesday morning before the opening of the convention proper, with delegates from other Indiana associations joining with them.

**He Could Sympathize**

"Hey, you, where are you going? Pull over to the curb," said a traffic officer to a timid driver who, obeying directions from the back seat, had entered the wrong end of a one-way street. Immediately a woman in the rear seat chimed in:

"That's right, officer. He's been speeding all day, and I knew he'd be arrested. It just serves him right!"

"Your wife?" asked the officer with a sympathetic look at the scared driver.

The driver nodded.

"Drive on, brother," said the policeman.




*(Above) The Grand March at the President's reception and dance on the evening of May 25th.*



*(Left) Henry Heimann delivers keynote address at opening of War Credit Congress as V. C. Eggerding, left, convention chairman and Bruce R. Tritton, retiring president, listen.*





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hazards also can—and do—destroy property. At a trifling cost you can get protection against them by having *one* Extended Coverage Endorsement added to your fire policy.

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# President Tritton Reports on His Administration Year in N.A.C.M.

**I**n the report of his administration of the National Association during the year of 1942-43, President Bruce R. Tritton stressed the importance of "unconditional surrender" along our economic home front, to certain interests who would like to change our form of government, our way of life, and our economic structure.

In reviewing the activities of N.A.C.M. during the past year, President Tritton said:

"The problem of membership is always with us, but I am happy to report, as you have heard from the report of the Chairman of our Membership Committee, Ray C. Wilson, that our membership loss during this war year was 488—only about one-half of the loss we anticipated. This leaves our membership total at 18,023. My thanks and congratulations to our National and Local Membership Committees and their Chairmen.

"Regarding finances—at the start of my term as President I resolved my best effort would be put forth to balance our budget regardless of membership loss. With the wholehearted support of all concerned this has been accomplished, and we close the year in the black. Complete figures will be ready shortly.

"Your National Board of Directors held its annual meeting in Chicago on September 24-25-26, and regardless of the war activities of the Board members in their own businesses, the meeting was attended by 22 out of a total of 24 members. This meeting was also attended by 7 Past National Presidents. I do not know, and I doubt if you know, of any business organization where such unselfish loyalty, devotion and interest is shown in Association affairs. It was an outstanding meeting and many important decisions were made.

"It was at this meeting that a Special Survey Committee was appointed to survey all activities of our Local



*President Tritton receives the gavel from Chairman Eggerding*

and National Associations and their relation to each other. The men on this Committee have given unstintingly of their time, and considerable progress is being made. Further consideration to these matters will be given at the Board meeting this afternoon, as well as at the meeting of the Secretary-Managers today and tomorrow.

"The activities of our various service departments have been amply covered by our Executive Manager in his annual report, so I shall not repeat what he has told you.

"The National Association of Credit Men has completed its 47th year. It has been a solid year of "all-out" or global war, and we hear a lot about our allies and the many fighting fronts, but have you thought that here at home we also have a front to protect. I mean our 'economic home front' and in this battle of our Economic Home Front who are our allies—the National Association of Credit Men, with the various Bankers' organizations, the Local and Na-

tional Chambers of Commerce, the Controllers Institute, the National Association of Cost Accountants, and many other business organizations, who must ally themselves into fighting units to protect our American way of life, our free enterprise and the right of business to run business without the shackles of too much Government control.

"Within our own fighting unit, our own Association, who are our Logical Allies? They are the credit men and women of America who through association and cooperation are responsible for outstanding and far-reaching achievements and services benefiting individual, group and nation. They make up the 'Credit Fraternity of America.'

"Nowhere in the field of business does an individual benefit more from association and cooperation with his fellows than in credit management. Unless you are allied with your fellow credit men and women you are overlooking the most potent and useful tool of your profession.

"We have heard a lot of talk lately about an 'unconditional surrender' and most people consider it only in military sense, but it could be more far reaching than that.

"We in credit work, together with the members of other business associations, must organize as never before to protect our Economic Home Front from an 'unconditional surrender' to certain interests who would like to change our form of government, our way of life and our economic structure.

"In closing I want to pay tribute to our many members, and the sons and daughters of our members who are serving in our armed forces, and to wish to my successor that it may be his good fortune to be President when peace is declared and these folks return to their homes and places of business and the way of life we must preserve for them."



Psychology of  
Credit Letter

(Continued from Page 14)

Social pressure is used to advantage in this letter as in the preceding one. The third paragraph appeals to fear, but more emphasis is placed upon the positive appeal to self-interest.

Dear Sir:  
Your file, and a statement of your account amounting to \$356, past due since February 10, have been placed on my desk for attention with a recommendation from our collection department that the account be sent to our attorneys today.

Now it is my earnest conviction, confirmed by years of credit experience, that the average man has an honorable attitude toward his bills, and pays them, not because he is obligated to, but because he wants to do the right thing. In 99 cases out of 100 I don't think it is necessary to enforce collection through legal procedure, and certainly I don't like to do it.

In the first place, it causes the customer both embarrassment and expense, and in the second place I feel that his credit standing is one of his most valuable assets, and I would prefer to do something constructive to help him preserve it, rather than something that would certainly reflect upon it unfavorably.

I have therefore asked the collection department to date this matter ahead to next Wednesday, in order to give you an opportunity to send your check for the full amount, and make it possible to conclude the matter on a sensible and friendly basis. I shall confidently expect your check.

Yours very truly,

Discount Abuses Next

IN the next installment of her series of articles, Miss Sommers will take up that very important subject of Discount Abuses. The author classifies these under three headings and suggests ways to handle each class. The main divisions of the discussion of Discount Abuses are classified under (1) Flagrant Violators, (2) Mine-run Violators, (3) "Handle-with-Gloves" Violators. Credit executives will recognize these divisions as the more important classifications of this very important subject. —The Editors.

50 YEARS OF PROTECTION

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H. McFADDEN, Vice President  
J. F. McFADDEN, Secretary-Treasurer  
J. F. McFADDEN, Sales Manager

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Fur, felt & straw hats  
MAIN OFFICE AND FACTORY  
DANBURY, CONNECTICUT

SALES OFFICES  
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SEATTLE  
SAN FRANCISCO  
BOSTON  
LOS ANGELES  
PHILADELPHIA

January 18, 1943

Mr. J. F. McFadden, President,  
American Credit Indemnity Company,  
Baltimore, Maryland.

Dear Mr. McFadden:

Hats off to your Company on your Fiftieth Anniversary!

It is a real pleasure to send you this greeting for, as you know, our two companies have enjoyed excellent relations over a long period of time — ever since we first purchased an American Credit policy to protect our accounts receivable way back in 1896, forty-seven years ago.

This long period, extending through two previous wars, through business booms, through several depressions, is a more eloquent testimony of our esteem than any words I might write in praise of your Company. I know that our relations will continue to be as pleasant in the future.

May your efforts in the next fifty years achieve even greater success than already attained.

Sincerely yours,  

T. J. Bowen  
Secretary-Treasurer

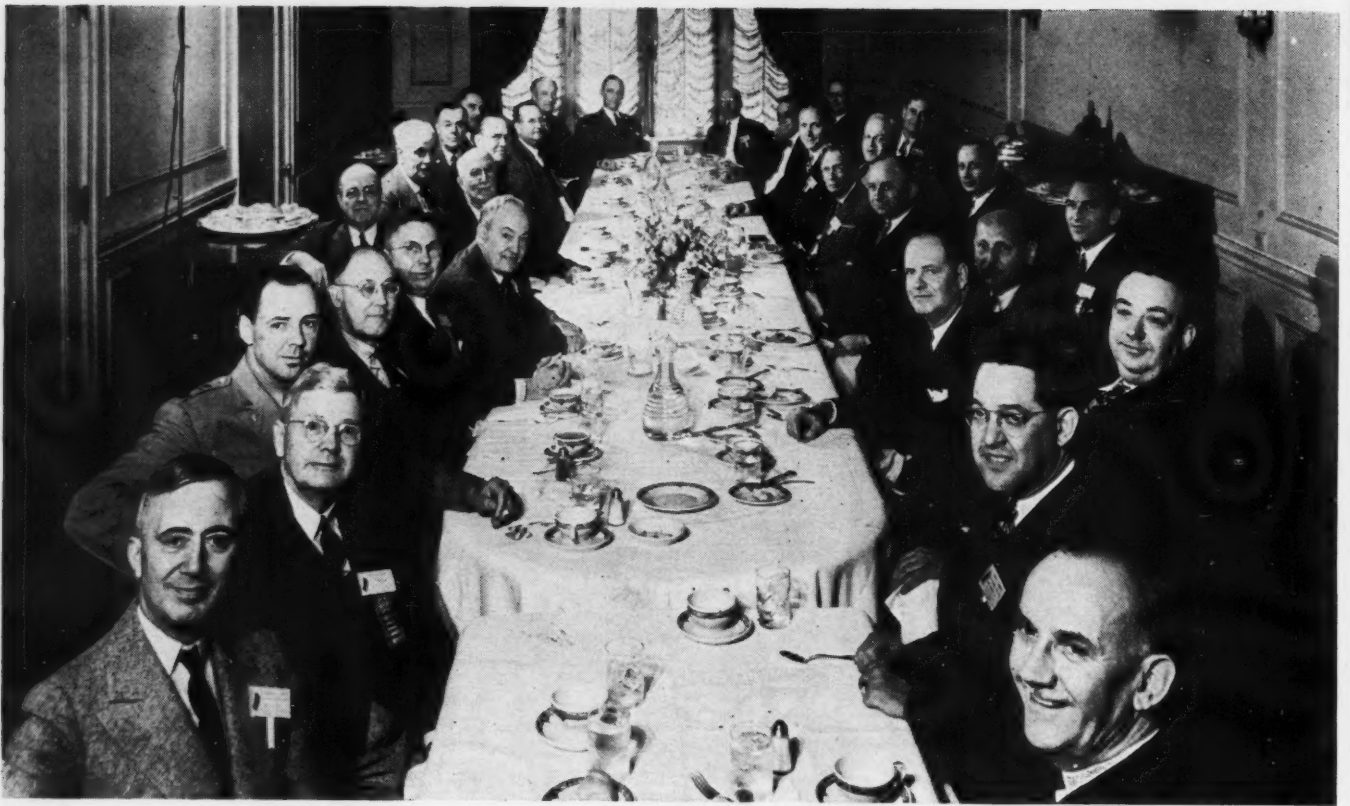
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Credit and Financial Management . . . . . 23 . . . . . June, 1943



*Victor C. Eggerding, General Convention Chairman, and officers of the St. Louis Association entertain Past National Presidents, National officers and some members of the N.A.C.M. staff at luncheon on Tuesday noon.*



*St. Louis should be proud of the gracious reception given the visitors. (Above) A group of St. Louis Hostesses who played a big part in success of the War Credit Congress.*



*(Left) A scene at the registration desk on Monday night, the day before the convention opened.*



## Impact of Taxes Upon Credit Status

(Continued from Page 12)

the changes taking place in industry and when analyzing a non-war industry, to ask the question, "What is going to happen to this company?"

Study and keep in close contact with the management of companies for in many cases only "Premium Management" will survive.

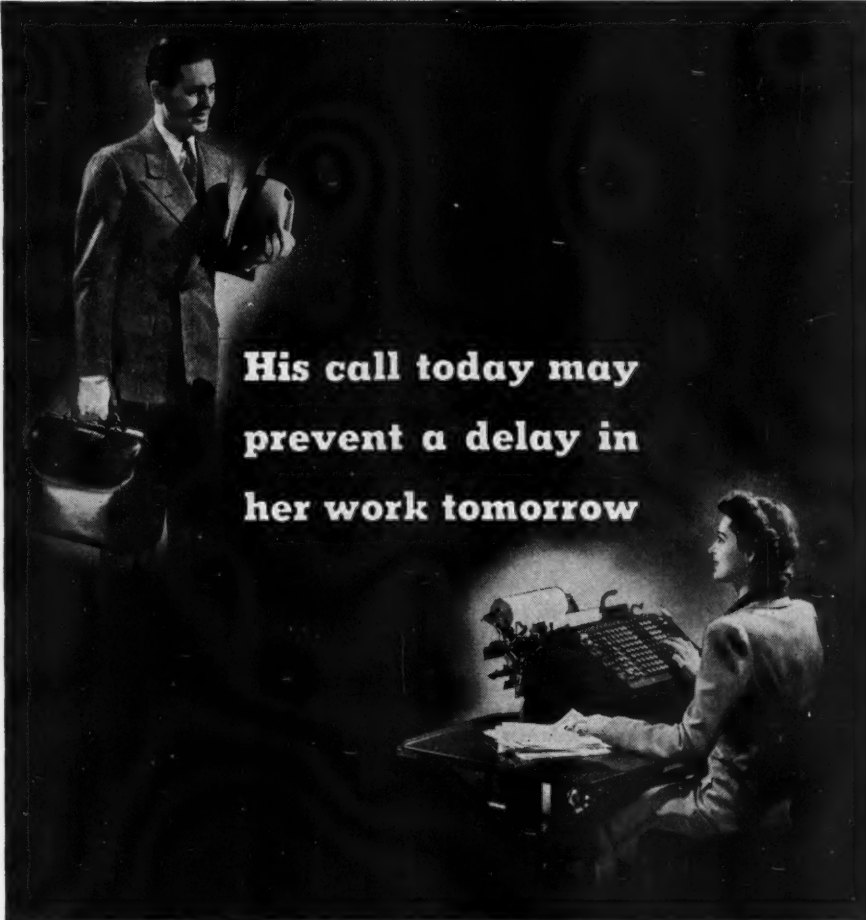
### A summary of Problems

**T**O summarize the problems presented as a result of increased taxes and present economic conditions:

1. Possibility of increased borrowings.
2. Slow up of accounts receivable.
3. Extremely difficult to expand out of earnings.
4. Reserves for depreciation should be on a real basis instead of only a bookkeeping entry.
5. Provision for income taxes should be made currently and tax saving notes purchased or tax funds placed in an ear-marked account.
6. Determine status of inventories.
7. Sound capital structure—watch cumulative preferred stock.
8. Watch liquidity.
9. Companies will require "Premium Management."
10. Companies require financial budgets.

The rise in national income with a scarcity of merchandise for sale is inflationary unless taxes and other drains absorb the surplus funds. The curtailment of consumer credit is another step away from inflation and must be accepted. During this period of upheaval, small business suffers in favor of the centralization in the hands of large producers who are prepared for conversion and are financially able to withstand the change in economy. Government activities must be followed consistently for their influence upon concerns individually and general conditions. Men and women in the field of credit should be aware of their importance for the ultimate outcome of their ability to grant credit wisely and to assist debtors in the solution of their financial problems will have a vital bearing on winning the war and saving private enterprise.

We have a war to win and it must be won regardless of cost.



**His call today may  
prevent a delay in  
her work tomorrow**

An ounce of prevention is still worth a pound of cure—especially these days when time and manpower are at a premium. A phone call will bring a Burroughs service man when you need him, but it's far wiser to arrange with Burroughs for periodic inspection, lubrication and adjustment of your Burroughs machines, so that emergencies, and the delays they entail, may be prevented. The Burroughs service man is the best answer to the ever-mounting problem: "How can I get the most out of my present machines, and make them last for the duration?" He is factory trained and factory controlled, and makes replacements with genuine Burroughs parts. His work is guaranteed by Burroughs. For full details, call the local Burroughs office.

### MANUFACTURING FOR WAR

Manufacture of aircraft equipment for the Army Air Forces, and the manufacture of Burroughs figuring and accounting equipment for the Army, Navy, U. S. Government and the nation's many war activities, are the vitally important tasks assigned to Burroughs in the Victory Program.

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Users of all types of office machines find that Burroughs ribbons, carbon paper, roll paper and other supplies cost no more—assure better, more uniform results.

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# Burroughs

ADDING, CALCULATING, ACCOUNTING, STATISTICAL AND BILLING MACHINES



*Delegates at the Philadelphia dinner on Tuesday night register their delight over winning the Class A Membership Award.*



*At the New York dinner on Tuesday night, Nash Eldridge (fifth from right) takes on his first duties as new president of the New York Credit Men's Association. Harry J. Delaney, retiring president and new National Director, at right.*



*R. C. Patterson, American Cyanamid & Chemical Co., New York, presides at the Foreign Trade Luncheon. This was the largest group meeting of the Congress, more than 200 being present.*



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4 Albany Street, New York

# Accurate Order-Filling of Rationed Goods

By ERNEST A. DENCH  
Special Writer

**R**ationing of different commodities (and the list is growing) places a stiff premium on accuracy in filling orders.

In normal times American Business made a fetish of speedy service. Youth was in the saddle in the shipping room, office, factory, store and delivery truck. Everything was subordinated to the swift handling of orders. The more of them an employee could handle in a day, the more he was worth to his employer. Accuracy, while expected, was a secondary matter.

We rather suspect that sellers welcomed the inevitable crop of errors, because of the opportunity they gave to be magnanimous with buyers. And buyers, needless to say, felt like Queen Elizabeth did when Sir Walter Raleigh laid down his rich cloak for her to walk over on a muddy sidewalk. It proved a form of goodwill in a highly competitive commercial world.

## A New Order Arrives

**B**UT when the Federal Government comes between buyer and seller, the happy-go-lucky relation disappears.

The Government has a deck of cards, so many of each denomination in the deck. It deals these out to various sections of the trade and consumers with the utmost fairness. At stated times it recalls the cards and reshuffles the deck. For any missing cards there are penalties—a jail sentence, a heavy fine, or a reduced amount of merchandise for the next rationing period.

Some players are slower than others to grasp the fundamentals of this new game. The Federal Government is lenient to those who unintentionally break the rules during the first few plays. After that the Government insists, without exception, on its pound of flesh—coupon for coupon or stamp for stamp or certificate for certificate.

Imprisonment and paying a fine

are easier to take, insofar as the continuance of a business firm is concerned, than being unable to fill all orders from customers for rationed goods. Stock replenishments hinge on the ration paper turned in for the past period.

## The British Experience

**T**HE British experience with rationing is longer and more varied than ours. Our friends across the Atlantic report that order-filling accuracy on government rationed products is essential to staying in business. The safeguard is a mistake-proof system in handling the ration paper.

The easy-going habits of most Americans make for difficulties in the use of ration paper. On an American train, bus or trolley, the conductor will usually greet the ticketless rider with a "That's okeh," when the situation is far from okeh. Any railroad auditor can tell of his headaches with missing stubs or whole tickets he should have but doesn't.

The Federal Government does not share this "customer is always right" attitude of private business and industry. The official mind is a legal one—and in the eyes of the law, errors are unpardonable. Were the Federal Government dealing exclusively with lawyers, bankers and accountants, its dictums would be fully understood and obeyed. Alas, most rationing regulations are not clothed in simple Man-in-the-Street language, let alone ordinary business phraseology.

## Rules Apply to All of Us

**L**OTS of Americans feel that some laws are intended to apply to the other fellow. Witness the popular custom of trying to destroy a traffic violation ticket, or the woman who uses her charm on the customs official at the steamer pier, or the jury box occupants.

It will be the same with any form

of official rationing. The customer cannot visualize his supplier as a stony-hearted government official. He is his go-between, and ought to be able to fix things if the aforesaid customer forgets or loses his ration paper, or uses it up too quickly. If the customer thinks out loud, as he is apt to do, here are a few of his thoughts: "Haven't I been a good customer of his for years? Don't I always pay my bills on time? What about the new customers I send him? It all adds up—favors done deserve being returned."

Very true. The seller will, within legal limits, do his best to lighten the buyer's wartime burdens. Decidedly out for the duration is the casual casual check on orders as, for example: "I believe I have the right number of ration stamps," "I guess all the stamps are there," "The count is about right." Accurate is the only form of count the Federal Government recognizes. Any deviation from this policy will place any firm or individual in the awkward position of "no tickee, no washee."

## No Leeway in Rationing

**A**MERICAN Business has never been petty. Were a customer short of a few cents for a certain purchase, he would be cheerfully told to bring it in next time.

Official rationing in any form compels the seller to tighten the screws. The buyer must be politely but firmly coached to toe the mark.

Basic rationing is the simplest form of consumer goods control, while point rationing is the most complicated.

As yet the U.S.A., is point rationed only on a number of foods. The chances are that shoes, now basic rationed, will eventually go on the point system. Many consumers will not squander their precious stamps on the cheaper grades of footwear.

Today Britishers are point rationed not only on a wide range of foods, but also clothing, shoes, candy and furniture (utility models). The trend



is for the U.S.A. to draw upon the British experience reservoir, so your guess is as good as mine the next product to go on points. Then, too, this country may extend rationing to merchandise items which the British have not found necessary, due to specific American conditions.

Errors in Filling Orders

WHETHER consumer rationing comes to your trade or not, now is the time to put your house in order. Errors in order filling are bound to increase because of being trusted to inexperienced help in wartime. And mistakes, even on unrationed products, cannot be rectified with the promptitude (merchandise shortages, shipping delays, etc.) of peacetime.

The technique now adopted by British business firms, while differing in detail, is to take and fill the order in three separate instalments. This involves, with the payment computed for the three lots of goods, four transactions altogether. The split-up runs this way:

- 1. Basic rationed goods. Coupons for different commodities.
- 2. Point rationed goods. Coupons in several denominations or colors.
- 3. Unrationed goods. No coupons, but check-back or memory to decide whether an excessive amount or fair share ordered by customer.

Plus cash collection or charge for all purchases in above three groupings.

Such methodical handling of orders reduces the possibility of errors. Intelligence has little to do with being methodical. Even some of the most brilliant minds in the creative arts are of the one-track kind. We know a man (and there are countless others like him) who graduated from college with the highest honors, yet who is incapable of doing more than one thing well at a time. Switching from one thing to another, before finishing the first, generally results in the utmost confusion. Any such divided tactics are further complicated by the fact that it takes two—buyer and seller—to satisfactorily complete a transaction. Hovering like a shadow over both is the arm of officialdom, ready to pounce if the transaction is inaccurate.

A Slowing of Service

THE disadvantage of being methodical is slower service. Buying


will be more staggered to somewhat offset this disadvantage for customers will learn from sad experience that they have to buy in smaller quantities within assigned periods. Their own buying convenience can prevail no longer.

Accuracy is the seller's safeguard against bitter disputes with buyers, who, when the ownership or trade-in value of stamps or certificates is challenged, will not budge an inch.

Another potential source of friction is giving credit on ration paper.

At the time it may be accommodating to cheerfully tell Mr. Jones to bring in his ration paper the next time he calls, meantime giving him the goods minus the ration paper. But memories are sometimes brief and dim, and if some other member of Mr. Jones' firm or household uses the ration paper to make an urgent purchase somewhere else in the interim, there may be a mix-up.



A rule to be enforced without exception: Collect the ration paper at the point of sale.



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# Executive Manager's Report on NACM

## Activities During Past Year

**O**F It is with a keen sense of regret that we must report a net loss in membership for the Association year ending May 1st. However, there is some gratification in the knowledge that this net loss has been held to approximately 2½ per cent or a total of 488, which, by comparison, is a favorable showing when contrasted with the experience of other membership organizations. I shall not dwell upon the reasons for the loss since every member is sufficiently aware of the credit changes in our war economy to realize for himself the problems confronting a membership organization. During the year there were 2,084 resignations with 1,596 new members added.

I want to urge every member as well as every local Association and National Association staff man to keep constantly in mind the necessity for maintaining our organization with unimpaired strength not only for its value in the war-time economy but for the very essential nature of the services it will be called upon to render in the rehabilitation era following the war. Business executives other than credit executives are being steadily and increasingly awakened to the importance of credit. As a result I think it is fair to say that the need for a strong organization such as ours is more fully recognized by business than ever before in its history.

Since local organizations receive reports on the finances of our National Association, I shall not dwell upon that in this report. It is obvious, of course, that with any decline in membership our financial problems in the National become more intensified. We shall continue our awareness of this condition and meet it to the best of our ability.

Our various departments have continued to render their uninterrupted service. The National Credit Interchange Board of Governors, working with the staff of that de-

partment, have labored diligently in meeting the situations and problems confronting them. Special emphasis has been placed upon the simple fact that Credit Interchange is a member service and that member cooperation provides the greatest measure of its efficiency. New forms based on this principle have been developed and are being put in use by the local offices with satisfactory results. The promotional programs inaugurated and being put into effect are producing similarly good results.

The work of the Adjustment Bureau Department has proceeded in the usual manner. The inspection service has been restricted to some degree both because of travel difficulties and because of the new plan of operation for the department which is being presented for consideration to the managers and to the National Board at their meeting to be held at the close of these Congress sessions. The special committee which has made a thorough study of this Adjustment Bureau Plan deserves great commendation from the members of the organization for the untiring and thorough task performed.

With a reduced staff and a reduced expense budget, the Washington Service Bureau has furnished members a larger number of reports during this Association year than in any year of its existence. The number of reports has increased about 10 per cent over the preceding year.

Despite the hardships and restrictions inherent in war-time conduct of foreign trade, our Foreign Credit Interchange Bureau has had a successful year, and I want to pay tribute here and now to the members of the Bureau, not only for their loyal support in these difficult and trying times, but also for their foresight in preserving unimpaired, the many fine service features they have developed in the Bureau since its inception in 1919.

The Bureau's foreign credit interchange report files carry detailed and

quite often exclusive and intimate information on business houses throughout the world. These extensive files were made available to our Government and have proved of considerable assistance in answering questions as to commodities, sources of supply, prices and terms, nationality and political status of foreign buyers and in many other ways are helpful to the Government.

Through its Weekly Bulletins the Foreign Credit Interchange Bureau has, since the start of the war, provided a liaison service between its members and those governmental agencies charged with war-time control of foreign trade.

Numerous releases have been made to members in connection with all supplements to both the American and British Blacklists and, of course, every effort has been made to keep the membership advised of foreign trade regulations issued by other United Nations' governments.

The Monthly Round Table Conferences conducted by the Bureau during the past year have provided not only a clearinghouse for the host of questions and problems brought about by foreign trade controls here at home and abroad, but have also served to assist our Government in the formulation of workable regulations and in assisting in the interpretation and the application of such controls to assure prompt and complete compliance.

Through its "globe trotting" membership, the Bureau has secured for our military services, valuable maps, charts, photographs and descriptions of enemy territory, and has been extremely helpful to several war-time agencies in recruiting personnel for strategic positions abroad.

The effects of the war on the credit education activity of the N.A.C.M. have been noticeable, both in a forced decline in the number of active chapters and in total students registered with those chapters as

(Continued on Page 46)



## The Post-War Market for Foods

(Continued from Page 17)

and further developed after the war. This might result not only in the loss of certain markets for foodstuffs but in new competition in others.

How the volume and types of food consumed in the post-war United States would be affected by rearrangements of trade relations cannot be foreseen clearly at this time. Equally uncertain are the deaths of old markets and the births of new ones.

### Will Price Control Be Needed?

UP to this point no mention has been made of prices and price relationships, but these will bear importantly on post-war expenditures. In more normal times prices play the most important role of allocating productive sources to products in proportion to the demand for them. It is obvious that the pressure im-

mediately after the war to reconvert and return to the production of both new and old civilian goods will be at least equally as great as was the pressure to get into war production. The effect of free prices at that time could be just as disruptive to the economy as they would have been during the war period.

To the extent that all prices are controlled effectively during the war, the impact of new price relationships on food expenditures will be minimized. But if prices are allowed to follow a free course, as soon as the war ends new possibilities for speculation are opened by probable changes in prices and price relationships which would result from a higher income level.

A common observation is that the demand for foodstuffs is, by and large, inelastic. In periods of changing income and prices, the volume of over-all food purchases (being a basic consumer requirement) tends to range within narrower limits than

the purchases of other types of goods. Likewise, the supply of foodstuffs has many elements of inelasticity, and these contribute to the wide variations in farm prices. While these observations apply to foods in general, their application does not extend to a wide variety of specific commodities, particularly more highly processed foods.

The demand for deliveries is more responsive to changes in prices and income than is the demand for bread. Furthermore, the elements of inelasticity in the supply of foodstuffs, cited above, are not present in the case of all food items. Productions of dried fruits, frozen fruits, and canned fruits are elastic and quite sensitive to changes in prices and price relationships.

Finally, variations in expenditures for many types of foods may be expected to follow as a result of changes in the relationship between the prices of the various foods. This applies particularly in cases

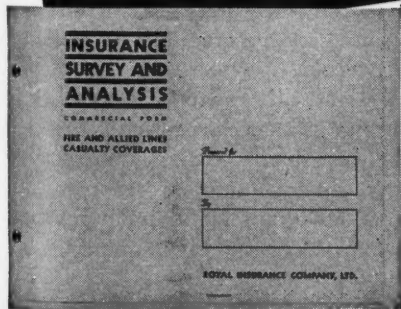


## "A CREDIT REPORT" on Your Insurance Set-up

**COST-FREE** and obligation-free you may obtain from any agent of the Royal-Liverpool Groups an Insurance Survey and Analysis which will—

- (1) show the insurable hazards peculiar to your business, the extent to which they are now covered, and a breakdown of your insurance costs;
- (2) point out any weakness in your insurance protection;
- (3) submit recommendations which may reduce the cost of your insurance program or provide for it more efficiently.

*Why not let a local representative of the Royal-Liverpool Groups demonstrate his ability to serve you by means of such a Survey and Analysis?*



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where one food is directly substitutive for another. Frozen peas, and canned peas afford an illustration of this type of relationship.

#### New Questions Arise

**T**HIS brief appraisal of post-war food market possibilities is offered in the spirit of stimulating thought on the subject and raising still further questions. Only a few major problems have been mentioned, since the scope of possible speculation on the subject is practically unlimited. For example, who can say at the present time what will happen to the dehydrated food indus-

try? Will it encroach on the canned foods industries? How about quick-frozen foods? At the present time some dehydrated foods appear to be simply "war babies" in which there will be no interest after the war. Others, such as dry whole milk and dry egg powder, will undoubtedly be promoted extensively in the post-war period. One could only hazard a guess, however, as to how far American consumers will go in breakfasting on a good omelette or scrambled egg dish prepared with dry egg powder instead of continuing to use fresh eggs which can also be fried, poached, or coddled.

Will new packaging methods, and new types of transportation revolutionize the distribution of any food products?

These and many other questions warrant careful consideration. With the probable increase in food expenditures to look forward to, every producer and distributor of food-stuffs should find it vitally necessary to study painstakingly future possibilities and probabilities that will largely govern his post-war economic destiny.

#### Credit—Today and Tomorrow

(Continued from Page 9)

civilization—a crusade that will enshrine in our hearts for centuries to come the real importance of spiritual values and will make the material values of greater service to all mankind.

We meet in a War Credit Congress. We should not leave these halls until we pledge ourselves to do everything we possibly can to improve our daily work. We should not be unconscious of the fact that we are privileged to have a professional organization of the type we maintain. We should take it upon our own shoulders to see that this organization is directed in the proper way and to give our criticisms constructively and, on the other hand, to cooperate in every sound program that is undertaken.

For almost half a century you of the credit profession have been privileged to have an organization that is representative of your profession. Today it is serving the colors valiantly in the sense that it is maintaining a sound, stable credit in the commercial world. Tomorrow, if we do our part, it will expand its activity so that its influence will be felt throughout the globe. This is our opportunity. This is our responsibility. We approach our task in all humbleness but with grim determination. The boys and girls out in the field of battle will not fail us and we pledge we shall not fail them.

We dedicate this War Credit Congress to a better way of life through a better understanding of credit. We too are responding to the call to the colors which we will serve with every ounce of energy we possess.



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# NEWS ABOUT CREDIT MATTERS

A section devoted to  
Credit Association affairs

June, 1943

Copy deadline  
15th of Month

## Vane Chase Dies Suddenly on Trip from St. Louis

The large number of his friends all over the United States were shocked to learn of the sudden death of S. P. (Vane) Chase, Secretary-Manager of the Los Angeles Credit Men's Association, while on his way home from the War Credit Congress and while stopping in Chicago awaiting a west-bound train.



Mr. Chase has been the Secretary-Manager of the Los Angeles Association for a number of years. He was very active in the affairs of the

Los Angeles Association when in 1934 LACMA was host to the National Association.

Vane Chase was very proud of the fact that he was one of the charter members of the Zebra organization which made its first public appearance at the time of the Los Angeles Convention.

Mr. Chase stayed on in St. Louis after the close of the War Credit Congress to attend the meeting of the Secretary-Man-  
(Continued on Page 35)

## Philadelphia Again Takes First Honors in Membership Campaign

### Declaration of Policy

National Vice-president Robert L. Simpson, C. T. Patterson Co., Inc., New Orleans, who served as chairman of the Resolutions Committee, presented the Statement of Policy as worked out by his committee. This declaration of policy was unanimously adopted at the closing sessions of the War Credit Congress on Thursday morning.

Some of the highlights of policy may be summarized as follows:

1. To protect accounts receivable.
2. Urging par payment of checks by all banks.
3. Clarification of renegotiation of Government contracts.
4. Provision for adequate reserves in the termination clause in Government contracts.
5. Continued study of National Bankruptcy legislation.
6. Return to the Miller Act requirements for performance and payment bonds in Government contracts.
7. Further reduction in questionnaires

(Continued on Page 34)

### Tops Class "A" with Total Gain of 12% For Fiscal Year

Philadelphia again won the Membership Trophy in the Class A Division with Indianapolis second and St. Louis third. The Philadelphians topped the schedule last year with a big spurt in membership. The annual Membership Report presented by Ray C. Wilson, immediate past National President, as Chairman, indicated a net loss for the whole Association of about 2½%. The fact that Philadelphia closed the fiscal year more than 12½% above the previous year indicates that our Association in the Quaker City is doing a good job of selling the merits of N.A.C.M. in its area.

The first three in each of the five divisions follow:

Class A—Philadelphia, 112.69%; Indianapolis, 109.75%; St. Louis, 109.53%.

Class B—Cincinnati, 102.74%; Minneapolis, 98.60%; Seattle, 96.52%.

Class C—Omaha, 108.74%; Baltimore, 103.06%; Grand Rapids, 101.53%.



Our New Official Family

(Left to right) Robert Griffiths, Utica, N. Y., and Robert L. Simpson, New Orleans, Vice-presidents, Paul W. Miller, Atlanta, new President and Bruce R. Tritton, Cleveland, retiring President and Edward L. Blaine, Jr., Seattle, Vice-president.

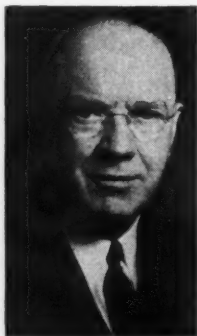
Class D—Bridgeport, 121.73%; San Antonio, 105.76%; Tacoma, 102.29%.

Class E—Waterbury, 107.40%; Fargo, 105.12%; Billings, 104%.

At the meeting of the Secretary-Managers held immediately following the War Credit Congress on May 27th and 28th, many Association officers reported that membership efforts this year have been awarded about the same as previous years. Some admitted, however, that during the first four or five months of the past fiscal year they were convinced that they would have to suffer a loss and did not put forth the proper effort to hold members or to gain new ones. As soon as they changed this line of thought, however, they admitted that membership activities went along as in previous years.

## G. H. Nippert Is Re-elected Head of Chicago Assn.

Chicago: G. H. Nippert, Office Manager and Supervisor of Credits for the Procter & Gamble Distributing Company for the Chicago District, which includes northern Illinois and the northwest portion of Indiana, was unanimously re-elected President of the Chicago Association of Credit Men at its 47th annual dinner on April 21. Mr. Nippert, who has been with Procter & Gamble for 38 years, served as a member of the Board of Directors of the Chicago Association in 1932 and again in 1940 and was re-elected Vice-President in 1941 and President in '42. His active direction of the Chicago Association has been responsible for a considerable advance in the affairs of that organization.



## Syracuse Honors Past Presidents at Final Dinner

Syracuse: The May 11 dinner meeting of the Syracuse Association of Credit Men was designated as Past-Presidents' Night, and about a dozen former Presidents were on hand to receive special recognition.

The guest speaker for the evening was Dr. James M. Hepbron, Acting Director of the Washington Criminal Justice Association, and Managing Director of the Baltimore Criminal Justice Commission. Dr. Hepbron gave an extremely interesting and timely address on "Beware of War Racketeers."

In order to take advantage of such a splendid speaker, the Syracuse Credit Women's Group combined their May meeting with that of the Credit Men's Association. Other guests included seven Officers and Past-Presidents of the Rochester Association of Credit Men.

## Declaration of Policy at St. Louis Congress

(Continued from Page 23)

and reports required by Federal Government.

The following is a full text of the Statement of Policy as adopted at the Convention:

As an organization, we are alert to our responsibility to industry, for keeping the credit lanes cleared of ill advised legislation and furnished with proper laws to guarantee to our country maximum, credit protection.

We are concerned by the increasing tendency toward control by regulation rather than by properly enacted laws. We urge, therefore, a return to our national tradition that we shall be governed by the laws enacted by our elected representatives.

We press upon all Governmental authorities, the vital importance, insofar as it is feasible and right, of the Government's withdrawal as soon as possible from control over, or regulation of, business induced primarily by the war economy. In lieu thereof, we believe every encouragement should be given private enterprise, or the free competition system, in its efforts to resume the place it formerly held in our nation's peacetime industrial life. The institutions of our land are firmly rooted in the soil of individual initiative and this inheritance we cherish closely.

1. We urge the consideration by each state of *Accounts Receivable* legislation which will result in proper and just protection to the unsecured creditor.

2. We believe that the *cashing of checks* by banks in all sections of the country should be *at par only* on the theory that checks "must possess the attributes of sound currency if they are to do the work of currency." Contrawise, we stand ready to endorse any reasonable charges for necessary banking services.

3. We ask for full clarification of discrepancies in the Government's present program for *Renegotiation* of its contracts, so that industry may be enabled to determine definitely the net result of its efforts in War Production, as in the ordinary course of business.

4. With respect to the *Termination Clause in Government Contracts*, we lend every encouragement to the Truman Senate Committee in its efforts to establish a practicable and just basis for reconversion reserves, as will to the greatest extent possible, facilitate readjustment of industry to peace-time economy.

5. We advocate such further survey of *national bankruptcy procedure* as may lead to any necessary relief and protection to business both during the war period and later.

6. We recommend to Government authorities and business, the use of the facilities of our *Adjustment Bureaus*, having in mind that a long record of efficient and worthy accomplishments entitles them to full recognition in cases where there is need for such services.

7. We urge the vital importance of a return to the *Miller Act* requirements of

performance and payment bonds on Government contracts.

8. We strongly urge the establishment without delay of a federal income *tax plan* which will provide for the discharge of tax obligations out of current income.

9. We commend the U. S. Government for all it has done and is doing, in reducing the number of forms, questionnaires and reports required of business, and strongly urge the continuation of this effort.

10. As individuals, we recognize our privilege and the vital necessity of supporting our Government in prosecuting the war and in its endeavor to stimulate consumer savings for post war purposes. To industry we urge the creation of adequate reserves for tax purposes. We encourage the continued purchase of Government securities to the fullest extent, confident that this constitutes highly important peace-time insurance.

We continue to uphold the American way of life and are happy in the realization that in this country, liberty of conscience is our heritage. Like Thomas Jefferson, we have sworn hostility against every form of tyranny over the mind of man.

We give heartfelt gratitude to our members of the credit fraternity who are in the services of our country. We desire in every way possible to support their efforts individually, and those collectively of the states comprising our United Nations, toward winning the war. While we face with confidence and determination our ability to win the war, let us be equally zealous in insuring the peace.

The present great global struggle finds us on the side of a representative form of government. For true development of national power, there is needed a greater faith in God and a larger understanding of our true sense of freedom. It is realized that by utilizing the vast spiritual forces that are theirs, the free people of the world can mobilize themselves into an overwhelming power leading to righteous victory.

We affirm that real peace is not a static thing or something that can be acquired by treaty or decree. Such sophistry can only result in more conflict. Peace of the world will be ours only when there is peace in the hearts of men.

We discern a rainbow of promise evidencing that in the very midst of war, there is being established in human consciousness a more righteous, equitable and active sense of brotherly relations than has been conceived of hitherto.

We believe that in our endeavors to bring about a wholly just peace, it should be made sufficiently attractive that our enemies will prefer it to war.

We believe exploitation should be definitely avoided because it is spiritually as degrading to the conqueror as to the vanquished. Whatever is of permanent benefit for one must in like bless all.

*Victory ends hostilities primarily but peace rightly established will abolish war.*

We commend the outstanding accomplishments during the past year of the Credit Interchange Bureau, the Foreign



Credit Interchange Bureau and the Fraud Prevention Department. Their records have proved beyond all cavil, the very important part they are taking in the forward business life of our nation.

It is recommended that the activities of the National Institute of Credit be promoted and encouraged to the fullest extent to the end that there will be a sound basis of technical knowledge underlying the performance of the duties of credit men.

To our worthy host, the St. Louis Association of Credit Men, and all others who have so graciously and generously given of their time and effort in making this War Credit Congress the very unusual success that it has been, we state our deep appreciation. The gathering has been constructive and outstanding in so many ways. Also, many friendships have been formed here which are bound to find pleasant reflection in future credit activities.

We are thankful to the St. Louis papers and the press of the United States for their fine cooperation in disseminating, during the past year, the news of our association's work.

Our gratitude also goes forth to Mr. S. S. May of the Daily News Record of New York for his efficient and very worthy contribution in spreading through the columns of that publication, current credit news of a world sort.

For all the foregoing we express appreciation. The support and encouragement we have received, provides a buoyant springboard for still greater credit accomplishments for the ensuing years.

## Legislation Work Is Featured at Tri-State Conference

Binghamton: The regular business meeting of the Councilor's Council of Tri-State Conference, District No. 2, NACM, was held at Binghamton, N. Y., on Saturday, April 17, 1943, with the Triple Cities Association of Credit Men acting as host and Council Chairman, F. Clifford Heath, of the Syracuse Association of Credit Men, presiding.

A detailed report was made of the outstanding job that has been done by the Central Legislative Committee. This committee was a project of District No. 2 and was organized so the Tri-State Conference could render a greater and more intelligent service to the associations in this Conference Area (New York, New Jersey, and eastern Pennsylvania)—in the matter of legislation and could co-operate more completely with the legislative program of NACM.

## Vane Chase Dies Suddenly in Chicago

(Continued from Page 33)

agers on Friday and Saturday and had made the first leg of the return trip back to the coast as far as Chicago when he was stricken.

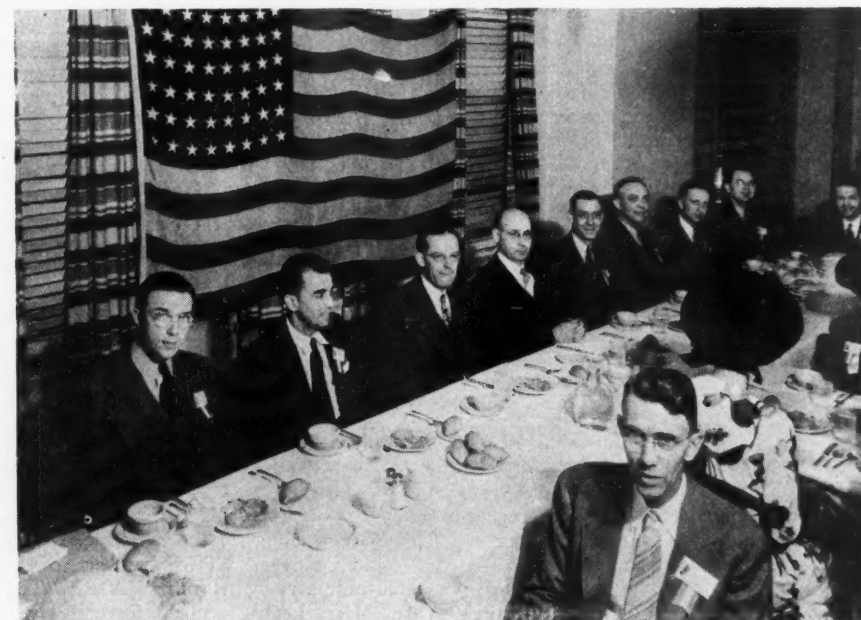
Vane had a host of friends. Even an ordinary acquaintanceship soon developed into fast friendship for he had such a hearty friendly manner.



Chairman Carl A. Armstrong of the Food Products and Allied Lines, Manufacturers, halts his group meeting for this photo.



The Drug & Chemical group interrupts a serious program to "pose for a picture."



The Hardware Wholesalers joined with the Hardware Manufacturer's group for a luncheon on Wednesday noon, one of the largest groups at the Congress.

## Foreign Traders Discuss Problems at Congress Forum

The Foreign Trade Luncheon held under the joint sponsorship of the Foreign Trade Bureau of the St. Louis Chamber of Commerce, the Export Managers' Club of St. Louis, the Mississippi Valley Association and the Foreign Credit Interchange Bureau of the National Association of Credit Men on May 26th at the Hotel Jefferson—St. Louis—in conjunction with the War Credit Congress of the National Association of Credit Men was an unqualified success and had an overflow attendance for the entire program. The Open Forum session following the talks was enlivened by spirited discussion of the host of questions and problems currently encountered in foreign trade and proved most informative.

Geo. W. Patterson of the American Cyanamid Company presided at the session which was opened by W. F. Gephart, Vice-President, First National Bank in St. Louis, with a hearty welcome.

A special feature of the St. Louis Foreign Trade Luncheon was the presentation of the Inter-American Commercial Arbitration Commission's Award to the Foreign Trade Club of the St. Louis Chamber of Commerce in recognition of its collaboration in the advancement of Inter-American Arbitration and friendly Trade Relations. The presentation address was made by Henry H. Heimann, Executive Manager, on leave, National Association of Credit Men, and was received on behalf of the Foreign Trade Club of St. Louis by J. M. O. Monasterio, chairman of that Bureau.

J. M. O. Monasterio, Vice-President, Mercantile-Commerce Bank & Trust Company, St. Louis, opened the formal addresses with an outline of his recent trip to Mexico, in which he emphasized the improved conditions of that country as regards industrialization and business operations generally. Wilbert Ward, Vice-President, The National City Bank of New York, in speaking on post-war plans for foreign trade stated that re-establishment of our foreign trade need not await the solution of the many complex problems now confronting the export fraternity and that our commercial banks and our manufacturers and traders represent forces that could be very helpful in that re-establishment. A. N. Gentes, Assistant Manager of the Guaranty Trust Company of New York, outlined in detail the problems currently confronting foreign traders

and the steps that might be taken to hasten the resumption of private commercial trading abroad. Wm. S. Swingle, Vice-President of the National Foreign Trade Council, Inc., New York, discussed the question of governmental influences on foreign trade and urged that government controls be kept to a minimum and that trade be permitted to flow through private channels wherever possible, without interfering with naval or military operations.

The Open Forum was conducted by Chas. J. Lippert, Export Manager, Champ Spring Company, St. Louis; N. J. Murphy, 2nd Vice-President, Chase National Bank of City of New York, and Wendell W. Moore, Export Manager, A. S. Aloe Company, St. Louis. Mr. Murphy presided.

## New Jersey Women Will Try for Scholarship In June Examination

The New Jersey Credit Women's Club will again present a scholarship in the course "Credits and Collections" to the lady winning a written examination. The examination will be held in the Association rooms, on June 15, 1943. A Meetings Com-



*Standing from left to right: Sonia Korson, Central Paper Co., Treasurer, New Jersey Credit Women's Club; Dorothy Simon, Pyrene Mfg. Co., Vice-president; Fannie Skoda, Weston Electrical Instrument Corp., Secretary; in the front seated: Sophia Blank, Cook & Dunn Pt. Corp., President.*

mittee composed of Madeline Kain (West Hudson Natl. Bank); Josephine Li Brizzi (Cook & Dunn Pt. Corp.) and Doris Schrowang (J. J. Hockenjos Co.), are now preparing a program for the coming year.

The War Activities Committee of the Club, composed of Fannie Skoda (Weston Electrical Instrument Corp.); and Ellen Small (Dun & Bradstreet, Inc.) throughout the year had conducted a campaign for the sale of U. S. War Bonds and Stamps at all affairs conducted by the Club. Members are now cooperating with the Red Cross in that they meet every Tuesday evening at the Newark YWCA to fold bandages. Two members of the Club now serving with the WAACS. They are Miss Leah Jacobus formerly with Schering Corporation, and Miss Sylvia Galuskin formerly with Art Metal Works Corp.

## Secretaries Hold Two-Day Conference After Credit Congress

Directly after the close of the War Credit Congress in St. Louis on May 27th, the Presidents and Secretaries of affiliated Associations met in Jefferson Hotel, and the Secretaries continued their conference during Friday, May 28. A conference of Adjustment Bureau Managers was held on Saturday morning, May 29th.

One of the main items discussed at the Secretary-Managers Conference on May 28th was the plans for further development of Credit Interchange. Roy A. Colilton, Director of Central Credit Interchange Bureau and Secretary to the Interchange Board of Governors, presented the information about Credit Interchange.

Presidents of local Associations gathered in the Crystal Room at the Jefferson Hotel on Wednesday morning and the Secretary-Managers also got together on Wednesday morning in the Private Dining Room No. 8 for preliminary conference and breakfast meeting.

A further report of the Secretary-Managers Conference will be given in the July issue.

## Credit Fraternity At Baltimore, Md., Names New Officers

Baltimore: At the 46th annual meeting of the Baltimore Association of Credit Men held on May 20th, the following officers were elected: V. T. Douglas, Procter & Gamble Distributing Co., President; H. F. B. Kerr, R. W. Norris & Sons, 1st Vice-president; Arthur L. Franklin, Pittsburgh Plate Glass Co., 2nd Vice-president; P. E. Belt, Crane Company, Treasurer.

At the same meeting, the following officers of the Credit Fraternity of Baltimore were elected: W. Kemp Walker, Ditch, Bowers & Taylor, Inc., President; Casper J. Gross, Anchor Post Fence Co., 1st Vice-president; Walton W. Loevy, American Credit Indemnity Co., 2nd Vice-president; O. E. Hickman, Baltimore Ass'n of Credit Men, Treasurer; Miss Edith White, Rasch and Gainer, Secretary.

The meeting was one of the largest recently held by the Baltimore Association, more than 200 being present. A considerable interest was expressed in the current status of the Association and in the prospects for a continued improvement during the coming year.

## Providence to Elect Officers June 8th

Providence: The Providence Association of Credit Men plans a big annual meeting to be held on June 8th when the new officers to be voted on at this meeting will be given a reception following a dinner at the Shrine Club.

Walter Brennan will supply the entertainment with the program given by his Bostonians, a fast-moving floor show.

### Position Wanted Ad:

CREDIT and COLLECTION MANAGER with national credit experience with large manufacturer of building supplies desires position with reputable concern. Experience includes office management, general and cost accounting. University-trained in law and accounting. Married, age 43, draft classification 4H. Available at once at any location. Address Box 6-A.





Credit Women's National Executive Committee at Luncheon

## Credit Women Report Gains in N.A.C.M. Year

Representatives of Credit Women's Clubs attending the War Congress in St. Louis were told in the annual report of Mrs. Bobbie T. Hunter, of Detroit, Chairman of the National Credit Women's Executive Committee, that the thirty clubs now active have an enrollment of 220.

In the past year the Women's Clubs devoted their efforts to a three-point program sponsoring scholarships, selling N.A.C.M. memberships and organizing Credit Women's Clubs. In all twenty-two scholarships were awarded during the year. Of this number, Seattle provided six, Detroit four and New Orleans two. Mrs. Hunter's report also brings the information that the members of the Credit Women's Clubs sold a total of forty-two memberships during the last year. No new clubs were organized.

Activity of the credit women in all types of war work was made evident by Mrs. Hunter's report. These included Red Cross, air raid activities, selling War Bonds and donating blood to the Red Cross Blood Bank. Hundreds of books have been donated, and Christmas boxes were sent by practically all of the Credit Women's Clubs.

All of the thirty clubs operated during the past fiscal year under the uniform program decided upon at the Cincinnati Convention. A number of district meetings were held in all sections of the country, and the members of the National Credit Women's Executive Committee when it met at luncheon on Tuesday, May 25, at the Hotel Jefferson, were enthusiastic over the growth of the Women's Clubs in the National organization.



## There's Money in SAFETY

Compensation Insurance rates are based on the accident experience of every phase of Industry, but rate credits may be gained by individuals through favorable accident experience. In other words, cut the accidents in your plant and you cut your insurance rate. We help you to do this. As a mutual company with only the interests of our policyholders to serve, one of the major activities of Employers Mutual is Accident Prevention. The moment you become an Employers Mutual policyholder our Safety Engineers go to work, seeking out and pointing out accident hazards, and correcting them through proved processes that accomplish amazing results. Rate reductions of 25% to 50% are not uncommon. Add to this the dividend-savings of this mutual company — and you get Compensation Insurance Service with Protection and Saving not easily excelled in value. Let us prove it with proof. A telephone call will bring it.



# Employers Mutual

LIABILITY INSURANCE COMPANY OF WISCONSIN

HOME OFFICE: WAUSAU, WISCONSIN

OFFICES IN THE PRINCIPAL CITIES OF THE UNITED STATES

## Chicago Enrolls 200 Members in Spite of War Drain

Chicago: One hundred and twenty-five members of the Chicago Association of Credit Men attended the National War Congress of The National Association of Credit Men in St. Louis May 25-27.

More than 200 members were enrolled in The Chicago Association of Credit Men during the past year. It was due in large part to an active organized effort brought forth by members of the Association. These members were added in spite of the demands of the war effort.

A. W. Heylman, The New Jersey Zinc Sales Company, Inc. has been appointed to the Board of Directors of The Chicago Association of Credit Men by President G. H. Nippert. This was brought about by the resignation of J. P. Munn, A. M. Castle & Company, who had been elected to the Board at the annual meeting in April but who resigned because he was transferred from the Chicago office of his company to its office in Los Angeles.

C. R. Dickerson, former secretary of The Chicago Association of Credit Men who resigned in 1920 and went to California to live, visited Chicago recently with Mrs. Dickerson and while there their golden wedding anniversary was celebrated at the home of Robert R. Ware of War Brothers, Chicago Roller Skate Company, Oak Park.

## Fred Lozes Honored On 35th Anniversary

New Orleans: After office-closing time on May 6th the officers, directors and past presidents of the New Orleans Credit Men's Association assembled in the Association's office for a surprise party for Fred L. Lozes, Secretary-Treasurer, the occasion being the completion of his thirty-fifth year of service with the Association. E. (Ned) Pilsbury, a past National President and also a past President of the New Orleans Association presented Secretary Lozes on behalf of the officers and directors and past officials with a handsome travelling case as a token of the esteem and gratitude for his faithful service.

## Toledoans Join in Conference on Peace

Toledo: Members of the Toledo Association of Credit Men took a prominent part in the Toledo Peace Forum held in the Civic Auditorium on May 8th and 9th. This forum was sponsored by the University of Toledo. A well worked out program of talks featured plans for everlasting peace. Undersecretary Sumner Wells was the principal speaker at the May 9th meeting which was attended by 45 persons.

## 25 Years with Davol

Providence: Camilo Rodriguez, National Director from the First District and an official of the Davol Rubber Company, completed twenty-five years of service with the Davol Company during May. Mr. Rodriguez has played an important part in credit activities in the Providence area for the past twelve years.

## Los Angeles Zebras Get 63 Members for Credit Association

Los Angeles: Once again Los Angeles Herd No. 1, Royal Order of Zebras, has gone over the top, doing a magnificent job on membership for the Los Angeles Credit Men's Association.

This year's officers chalked up the best record on membership work of any administration of the No. 1 Herd up to this time. Of their own efforts, they secured a total of 63 new members for the year. In addition to that, they were instrumental in stopping a number of resignations.

The officers for the year were as follows: Les Fishbeck, Exalted SuperZeb; Bob Murchison, Most Noble Zeb; Lew Ashby, Royal Stripper; Lee Fortner, Three Horse Power Burro; Ray Daugherty, Keeper of the Zoo.

## Sidney M. Wilson Named President By Atlanta Assn.

Atlanta: The annual meeting of the Georgia Association of Credit Men, Inc., was held on Thursday evening, May 20, 1943, at the Atlanta Athletic Club. Significant is the fact that there were 91 present, the largest attendance at a monthly meeting in many years, and the largest attendance ever had at an Annual Meeting.

C. V. Parham, Gulf Oil Company, retiring President, presided, and sounded a key-note for an evening of fun, daring any member to inject a lugubrious thought, word or deed.

The following new officers were elected: Sidney M. Wilson, Wofford Oil Company, President; Geo. O. Daniel, Horne-Wilson, Inc., First Vice-president; C. W. Bandy, Beck & Gregg Hdw. Co., Second Vice-president; M. C. Turman, Trust Company of Georgia, Treasurer.

A fine entertainment program was provided by D. B. Alexander, Atlantic Steel Company, chairman of program committee. Sixteen new members were introduced.

## Hear Talk on Post-War Credits

Chattanooga: J. Homer Hardy, Controller of the Chattanooga Medicine Company, spoke at the May meeting of the Chattanooga Association, his subject being "Post-War Social Security and Credit Policy."

## B. W. Stauffacher Is New President Of Omaha Assn.

Omaha: One hundred and fifty members and their wives attended the annual meeting of The Omaha Association of Credit Men in the ballroom of the Hotel Blackstone. Ben W. Stauffacher, Westinghouse Electric Supply Company, was elected President. Millard Lamb, Storz Supply Corporation, First Vice-president; Fred Harris, John Deere Plow Company, Second Vice-president. Gus P. Horn continues as Executive Manager.

Steve Wirtz, Omaha National Bank, Chairman on membership, announced that Omaha had won the Class C membership trophy of the National Association of Credit Men.

The members of the Association presented H. C. Zimmerman, the retiring President, with a gift, and Mrs. Zimmerman was presented with a bouquet of flowers. Miss Henrietta Lamb and her Ladies' Committee were in charge of arrangements.

## Edward Lung Is Honored on His Tacoma Retirement

Tacoma: Edward B. Lung, for a number of years Executive Manager of the Tacoma Association of Credit Men, has resigned as Executive Manager, and G. Gordon Whipple has been appointed Manager in his place. A resolution adopted at the membership meeting of the Tacoma Association praised the excellent record of Mr. Lung and elected him to Life Membership in the Tacoma Association. Other resolutions were passed at the meeting of the Northwest Conference held in Portland, Ore., transmitting the high esteem of credit men in the Northwest for Mr. Lung. Mr. Whipple has been connected with the Tacoma Association for some time as assistant to Mr. Lung.

## F. E. Gibson Named President at Seattle

Seattle: At the annual meeting of the Seattle Association of Credit Men held on April 19th, the Board of Directors elected the following officers: F. E. Gibson, Graybar Electric Co., President; W. A. Yeomans, Pacific Fruit & Produce Co., Vice-president; C. P. King, Secretary; E. E. Porter, Assistant Secretary.

The Seattle Association joined in the Community Council luncheon on April 23rd when Paul M. Millians, a past National Vice-president of N.A.C.M. and now on the Executive Staff of the American Credit Indemnity Company, Baltimore, made the leading address on "Post War Air Castles on Solid Foundations." Other speakers from the Credit Association were E. L. Blaine, Jr., Vice-president, Western Division, N.A.C.M., and O. S. Dibbern, Manager, Western Division, N.A.C.M.



## News From the Women's Clubs

New York: The Helen Pouch Scholarship in Credit was awarded to Miss Marion H. Mullee, of the U. S. Industrial Chemical Company, at the May meeting of the New York Credit Women's Group. The scholarship becomes effective next October and includes a year's membership in the New York Chapter, N.I.C., and collections with textbooks required.

Minneapolis: The May party of the Minneapolis Wholesale Credit Women's Club was held at the Francis Drake Hotel at 1:00 P. M. on Saturday, May 15th. Committees were announced for the coming year and the gavel presented to our new president, Miss Blanche Scanlon of the Nash Coffee Company. The MWCWC War Bond Campaign under the able leadership of Miss Ann E. Jamison, president of the Murdock Jewelry Company, is still going strong. Members rallied splendidly to the call for more dollars invested in War Bonds and Stamps. Latest figures show a grand total of \$9,575.00 in Bonds, \$55.00 in Stamps and \$110.00 in corsages.

Buffalo: The annual election of the Credit Women's Club of Buffalo, was held at the "Park Lane" on April 13 at which time the following members were elected: Alberta Woodward, Holland Paper Co., President; Margaret Wurtz, Unit Parts Corporation, Vice-President; Marie Rochford, R. H. Thompson Company, Treasurer; Mary Solat, Cresbury Clothes, Inc., Secretary.

Newark: The New Jersey Credit Women's Club of the New Jersey Association of Credit Men elected officers at its meeting on April 27. Miss Sophia Blank, of Cook & Dunn Printing Corporation, Newark, was named President; Miss Dorothy Simon, of Pyrene Mfg. Co., Newark, was elected Vice-President; Miss Fannie Skoda, of Weston Electrical Instruments Corp., Secretary; and Miss Sonia Korson, Central Paper Co., Newark, Treasurer.

Philadelphia: The following officers of the Philadelphia Credit Women's Club were elected at the meeting on April 8: Mary M. Pearson, Westcott & Thomson, President; Lona I. Jones, Wm. Ayres & Sons, Vice-President; Edith M. Wolfe, Albert M. Greenfield & Co., Treasurer; Lyzabeth M. Klinger, The Credit Men's Ass'n of Eastern Pa., Secretary. The retiring President, Emma Schob, has been responsible for a progressive year in the club activities.

Pittsburgh: The Pittsburgh Credit Women's Club has elected the following officers for the year 1943-44: Loretta Meiers, Gearling Lumber Company, President; Alice Neff, Williams & Company, Inc., Vice-President; Emma Hamilton, Pittsburgh Photo Engraving Company, Treasurer; Pearl Karwan, Credit Ass'n of Western Pa., Secretary.



(Right) Mrs. Bobbie Hunter, chairman, National Credit Women's Committee. (Center) Mrs. Annie Porter, Women's National Director and (left) Mrs. Ethel Leonard, chairman, St. Louis, Women's Convention Committee.

### Marjorie Jennings Elected to Atlanta Board

Atlanta: Mrs. Marjorie Jennings, Past President of the Credo Club of Atlanta, was elected to the Board of Directors of the Georgia Association of Credit Men, Inc., at its annual meeting on May 20th. Mrs. Jennings has been active in the Credit Women's work for several years, on the membership committee of the Association, and has attended several National conventions. She is credit manager of the Atlanta Oak Flooring Company.

### Arthur Parsons, 93, Pioneer Credit Man, Dies at Salt Lake City

Salt Lake City: Credit executives in the inter-mountain area were pained to hear of the death on May 20th of Arthur Parsons. Mr. Parsons was a pioneer in credit work in the inter-mountain district and was President of the Utah Association of Credit Men for thirteen years and for three years served as a Director of the National Association. He attended a large number of National Conventions and made a wide circle of friends.

Mr. Parsons was 93 years old at the time of his death.

### New Yorkers To Play Golf

New York: The spring golf tournament of the New York Credit Men's Association will be held on Thursday, June 10th, at the Westchester Country Club, Rye, New York. The play, during the afternoon, is to be on a handicap basis in three classes. Dinner at the Country Club will follow the golf session.

### New Fire Policy Goes Into Effect In New York, July 1

New York: A new form of fire insurance policy becomes effective in New York State on July 1st. To avoid re-writing all present fire policies the National Board of Fire Underwriters has secured the approval of the New York State Insurance Department to a plan by which companies will file with the Department a blanket endorsement of all policies now in effect which will cover all of the changes made by the new Fire Policy Statute.

### D. A. Weir Is Speaker at Louisville's Annual Meet

Louisville: Assistant Executive Manager David A. Weir was the speaker at the May 19th annual meeting and election of officers of the Louisville Credit Men's Association held at the Pendennis Club. Mr. Weir's subject was "Post War Prosperity." He pointed out the number of pre-war economic fallacies which must be eliminated if we are to have full prosperity after the War.

The following officers were elected: President, Stuart C. Campbell; Vice-president, V. C. Glass.

### Walter Sack Is Honored

Grand Rapids: Walter Sack, who served as President of the Grand Rapids Association in 1932, and also served as a member of the National Board of N.A.C.M., has just been made City Manager for Grand Rapids. For the past several years he has served as Assistant City Manager.

## Many Associations Elect New Officers

Grand Rapids: L. E. Nykamp, Grand Rapids Fibre Cord Co., was elected new President of the Grand Rapids Association of Credit Men at the annual meeting held on May 18th. Other officers are: Martin De Witt, Herpolsheimer Co., 1st Vice-president; C. W. Kuning, Peoples National Bank, 2nd Vice-president; M. E. Lillie, Old Kent Bank, Treasurer.

The report of the officers for the past year indicated that the Grand Rapids Association has just completed a successful year.

Cedar Rapids: Glen S. Mobry, Welch-Cook-Beals Co., was elected President of the Cedar Rapids Association of Credit Men at its annual meeting. Other officers were D. R. Pugh, 1st Vice-president; Carolyn Scannell, 2nd Vice-president; Milo O. Hanzlik, Secretary; Lumir Stritesky, Treasurer.

Philadelphia: J. V. Marron, The Yale & Towne Mfg. Co., is the new President of the Credit Men's Association of Eastern Pennsylvania, elected at the annual meeting late in April. Other officers were A. E. Southgate, Philadelphia & Reading Coal & Iron Co., 1st Vice-president; Wm. E. Vollmer, The Philadelphia National Bank, 2nd Vice-president; Wm. Stockton, The Atlantic Refining Co., 3rd Vice-president; M. W. Pender, The American Stove Co., 4th Vice-president.

The report of the officers for the past year indicated an active revival of interest in the Philadelphia area in Credit Association work. The fact that the Philadelphia Association has won the Class A award for the last two years is ample evidence of the progress of the Association in Philadelphia.

St. Paul: At the first meeting of the new Board of Directors of the St. Paul Association of Credit Men held on May 19th, the following officers were elected for the new year: G. L. Johnson, Farwell, Ozmun, Kirk & Co., President; A. L. Peters, First National Bank, Vice-president; T. E. Raynolds, Secretary-Treasurer; W. T. Miller, Twin City Wholesale Grocer Co., Councillor.

The St. Paul Association reported a large Group for the War Credit Congress in St. Louis.

Sioux Falls: G. R. Olson, John Morrell & Co., will be President of the Sioux Falls Association of Credit Men during the new fiscal year. Other officers elected at the annual meeting in May were as follows: Frank M. Theisen, Morin-Beattie Co., Vice-president; R. C. Horky, Dun & Bradstreet, Secretary.

Tacoma: C. O. Panks, Tacoma Feed Company, is the new President of the Ta-

coma Association of Credit Men. Other officers elected were R. C. Hunt, F. S. Harmon Mfg. Co., Vice-president; G. G. Whipple, Tacoma Association of Credit Men, Secretary-Manager.

At this election trustees for the Wholesalers' Association of Tacoma and the Tacoma Association of Credit Men were elected. Chairmen of committees also were announced at this meeting by the incoming President.

Detroit: The annual meeting and election of officers of the Detroit Association of Credit Men at the Wardell Sheraton Hotel on May 14th proved one of the high-spots of the Association year. J. H. Frazier, Great Lakes Steel Corp., was elected President.

In an interesting address, National Director Harry J. Offer proposed a new organization in the Detroit Association known as Past President Club. H. J. Lowry, retiring President, was announced as the first President of this new club which will serve as councillors in Association activities. Other clubs now operating in the Detroit program are the Credit Women's Club and the Detroit Herd of Zebras.

## Milwaukee Re-elects Its Official Staff

Milwaukee: All officers of the Milwaukee Association of Credit Men were re-elected at the annual meeting and election held on May 7th at Hotel Schroeder. These officers are: Frank G. Herbst, Herbst Shoe Mfg. Co., President; John R. Boedecker, Jewett & Sherman Co., Vice-president; Wm. Wanyig, Globe-Union, Inc., Treasurer; H. S. Garness, Milwaukee Ass'n of Credit Men, Secretary.

At this annual meeting Henry H. Heilmann, Executive Manager-on-leave delivered a stirring after-dinner address which was enjoyed by the crowd of more than 200 members and guests.



Philadelphia gets membership award

## Construction Industries Bureau Urges Return of Miller Act Bonds

San Francisco: The Construction Industries Bureau under the able guidance of H. D. Byers of the Westinghouse Electric and Manufacturing Company, has proven itself to be one of the most active committees in the west coast metropolis during the past fiscal year.

One of the main features of their work was the efforts put forth on the bonding of government projects. It was largely through the efforts of this committee that the obtaining of bonds was speeded up, in that manner helping the war effort, and in addition, offering more protection to the creditors in general.

## Ross R. McCoy Heads Pittsburgh Assn.

Pittsburgh: The 47th annual meeting of the Credit Association of Western Pennsylvania, held on May 18th at Schenley Hotel, voted in a new slate of Directors, and the Directors met the following day and elected officers as follows: Ross R. McCoy, Gulf Oil Corporation, President; F. S. Bennett, Aluminum Cooking Utensil Co., First Vice-president; C. E. Showalter, Westinghouse Electric Supply Co., 2nd Vice-president; Geo. F. Cronmiller, Jr., Harbison-Walker Refractories Co., Treasurer; H. M. Oliver, Credit Ass'n of Western Pa., Secretary and Executive Manager.

The annual meeting was entertained with a good program arranged by M. J. Chesmar and Henry J. Yost as co-chairman of the Entertainment Committee.

## Small Business Is New York Forum Topic

New York: The monthly Forum Meeting of the New York Credit Men's Association, held at the Waldorf-Astoria Grand Ballroom on May 18th, drew a large attendance because of the excellent program presented and the importance of the subject discussed. The subject was "What's Happening To Small Business?" This subject was discussed by David L. Podell, Special Assistant to the Attorney General, William Sheperdson, Chief, Small Business Unit, Department of Commerce, Carl E. Bolte, Smaller War Plants Corp., and Henry H. Heimann, Executive Manager-on-leave.

Newark: Earl Mellen, Weston Electrical Instrument Corp., has been elected President of the Chamber of Commerce of the City of Newark, for the coming year. Mr. Mellen has been prominent for some time in credit affairs in the New Jersey area and is also well known in Greater New York.



## Credit Education

Portland: Oregon Chapter, National Institute of Credit, held its last meeting of the current year April 20. In keeping with its plan to provide, for each meeting, an outstanding leader in the field of accounting, economics or finance, the Chapter obtained as their speaker Mr. Frank S. Sever, deputy district attorney. Mr. Sever, former State Treasurer, assisted in the preparation of Oregon's new community property law, signed by the Governor March 20. The law will become effective June 20, 1943. Credit men will note that under this law, a creditor successfully may levy on community property which is under the control of the spouse who contracts the debt. The next meeting of the Chapter will be held in September.

Toledo: At the annual meeting of the Toledo Chapter, N.I.C., Ed Haverstock, of the Hickok Oil Corporation, was named President for the ensuing year. Earl Michael, now with the Toledo Plate and Window Glass Company in Detroit, who served as President last year, returned to Toledo for this meeting. President N. S. House, of the Toledo Association of Credit Men, attended the meeting and praised the efforts of the Toledo Chapter in promoting educational work in the Toledo area.

New York: The 21st annual banquet and commencement exercises of the New York Chapter, National Institute of Credit, was held at the Hotel Pennsylvania on May 20th. Joseph Rubanow, a past President of the New York Chapter, and a retiring National Director of N.A.C.M., was the toastmaster. The chief address was made by William A. Prendergast.

## Arch Johnston Leaves CACM Job

Chicago—Archibald W. Johnston, who has been a member of the staff of the Chicago Association of Credit Men for the past 12 years, resigned his position February 1 to become office manager of Scully-Jones Company, Chicago. Mr. Johnston is well known in local and national credit circles. His work in the Association will for the most part be taken over by James S. Cox who has been appointed assistant to the Secretary of the Association.

## Hartford Gets Early Start on Committees

Hartford: At the first directors' meeting of the Hartford Association of Credit Men held on May 11th, new committees for the 1943-44 year were appointed for all the principal activities of the Association. The Hartford Association planned a large attendance at the annual Spring Conference of the Connecticut State Associations at the Racebrook Country Club in New Haven on June 15th.

## Chicago Women Elect Officers

Chicago: New officers of the Credit Women's Club of Chicago of The Chicago Association of Credit Men for the coming year, have been elected and installed as follows: President, Ruth C. Johnson, Century Metalcraft Corporation; Vice-President, Anita L. Krueger, The Scholl Mfg. Company; Treasurer, Irene Morrissey, Harry Manaster & Brothers; Financial Secretary, Jenny R. White, Rummler & Davis; Corresponding Secretary, Gertrude Weber, Excelsior Printing Company; Recording Secretary, Jane Heady Moran.

At the regular monthly dinner meeting Tuesday evening, April 13, Carroll A. Teller, attorney associated with Teller, Levit and Silvertrust, spoke on the subject "The Position of Credit Executives During the Post War Period."

As a result of the Renegotiation Act, and the business-like attitude adopted by District Renegotiation Boards, the settlement of war contract profits is now proceeding in a spirit of cooperation and on a basis that should prove to be beneficial both to the Government and the contractor. If we approach this problem in the sense that we are both fighting the Axis and not each other, get down to fundamentals and disregard the brick bats, there should be little cause for the public cry of profiteering when this war is over. If we meet this situation on the premise that the bargaining power which the Renegotiation Boards now have is not so flexible as men may have exercised in their normal business pursuits, no great difficulty should attach to an adequate meeting of minds.

All we expect from the Price Adjustment Board is 50 per cent of the breaks, having in mind the necessary relationship of profits to working capital position, the payment of proper and necessary fixed charges, the servicing of existing debt with consideration for the risk involved, and the protection of a normal and solvent post-war financial position. Surely, if we ask for maintenance of a sound operating ratio and some cushion to support the creation of jobs and normal business operation in the period of reconstruction, we cannot be accused of having profited at the Government's expense. If we ask that price redetermination and profit renegotiation be administered according to sound rules of business finance, we should not be marked as the Vanishing American.

## 137 Agencies Now Making Studies About Post War Problems

More than 137 important government and private agencies in the United States, outside of state and local groups, are engaged in research or public education on a national scale on the problems that will face the United States when the war ends, according to the findings of a recent investigation by The Twentieth Century Fund which was made public in May. The survey, completed early in 1943, covers 32 more agencies than were reported in a previous investigation of the Fund covering the same field made a year ago.

The survey reveals the fact that more than a third of these agencies were devoting major attention to problems involving international relations. Business and financial questions come next in popularity. Other major fields of interest are: agriculture, consumer and security problems, education, engineering, general economic and social problems, housing and urban redevelopment, Jewish problems, labor, legal problems, public discussion and opinion, public works, and transportation.

### Awake to Our Problems

"THE Fund's survey demonstrates that the efforts now being made to work out constructive policies to meet postwar problems far exceed anything that was done in World War I," said Evans Clark, Executive Director of The Twentieth Century Fund, in releasing the results of the investigation. "And this time, in sharp contrast to last, all the interest in the nation—capital, labor, agriculture and the consumer—seem to agree on a constructive peacetime goal: what is generally called 'full employment.' This term has yet to be clearly defined in the public mind, but it well describes an almost universal agreement that we must make the maximum use of our productive capacity in peace times and keep at a minimum the unemployment of those who are willing and able to work."

George B. Galloway, of the Fund Staff, in co-operation with J. Fredric Dewhurst, the Fund Economist,

has been in charge of the investigation, and has compiled a report of the findings entitled *Postwar Planning in the United States: An Organization Directory*, 2.

Included in the report are 109 private and 28 public groups, most of the latter being agencies of the federal government. All of the organizations included are located in the United States and carry on a continuing program on a national or international basis. Among the 109 private agencies, 52 are of a research and educational character; 30 are commercial, industrial and financial organizations; 10 are religious and welfare groups; 8 are professional societies; 7 are women's organizations; and 2 represent labor unions.

### Many Problems Considered

HOW to lessen the shock of converting our economy to peacetime production, questions of re-employment of men and women now in war industries and the armed services, and methods by which the American economy can be maintained at "full employment" and production levels are basic subjects for study by more than one-fourth of the agencies, including both government and private groups.

A large number of business and trade organizations, including the Chamber of Commerce of the United States, the National Foreign Trade Council, the Association of American Railroads, the Committee for Economic Development and others, are doing extensive work looking toward the postwar maintenance and expansion of business activities. Some of the chief government agencies, including the Department of Commerce and the Department of Agriculture, are making extensive investigations now to assemble facts that will help our national economy to function efficiently after the war is over.

The need for speedy reconversion from war to peacetime production with the maintenance of consumer purchasing power during this transition is recognized by many agencies. The National Economics Unit of the Bureau of Foreign and Domestic Commerce is studying questions in this field, as well as analyzing the postwar markets for goods and services to determine to what extent these markets will be expanded above the

prewar level if we are successful in achieving maximum postwar employment. Other agencies, including the Bureau of Labor Statistics of the U. S. Department of Labor, the National Association of Manufacturers, the National Resources Planning Board, and the National Planning Association, are devoting part of their current studies to this field.

### Study of Housing

AMONG the specific fields being studied to determine their role in contributing to postwar full employment are housing, rebuilding of American cities, and development of comprehensive public works activities. Urban rehabilitation is one of the principal topics for study of many groups which include the American Institute of Architects, the American Planning and Civic Association, and the Conference Committee on Urban Problems recently established by the Chamber of Commerce of the United States. The National Resources Planning Board has recently reported on the possibilities of a comprehensive public works program as a buffer against postwar depression, and the Board of Governors of the Federal Reserve System is exploring among their studies the development of regional resources as an element of "positive postwar progress looking toward full employment and full production."

Trade associations, including the Associated General Contractors of America, Inc. and the Producers Council, are working on the construction industry's role in the "transition from a record-breaking war construction program and virtual suspension of civilian construction to an expected active and expanding construction program to maintain full employment in the postwar period."

### Birmingham Fetes Its First President

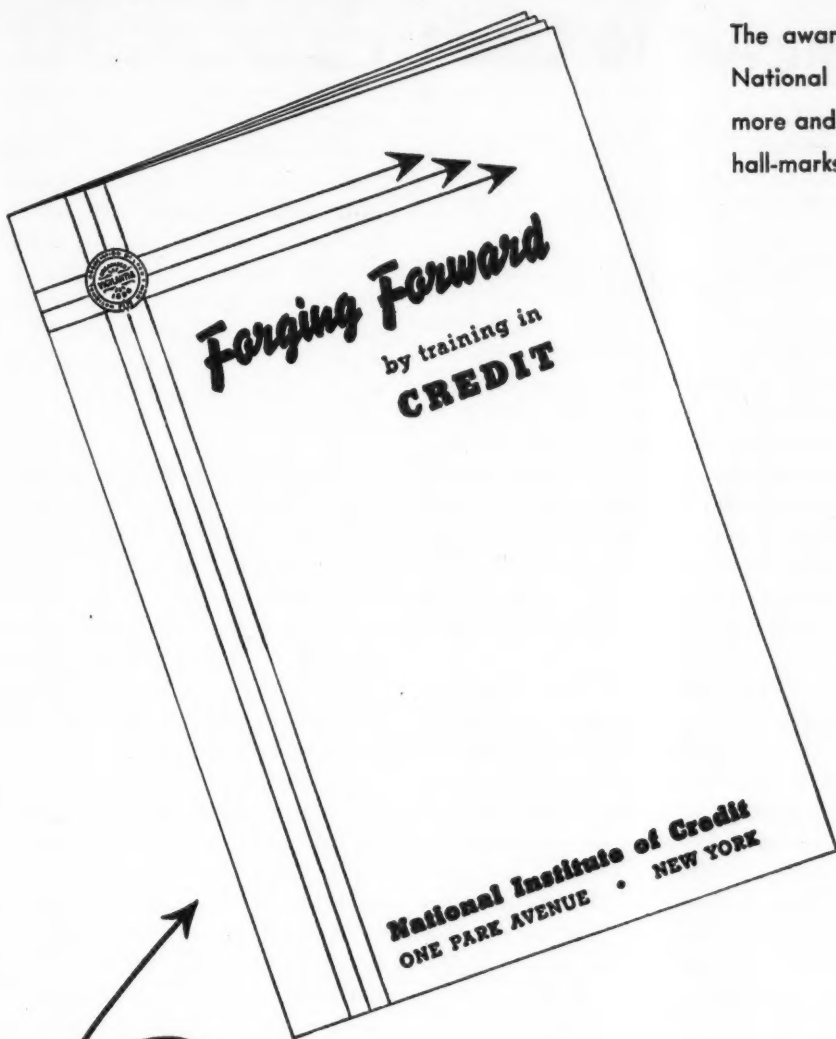
Birmingham: R. A. Porter, first President of the Alabama Association, and Fred S. Dunlap, a charter of this organization, were special guests of honor at the 40th birthday dinner held on April 15. J. G. Holland acted as toastmaster. More than 200 were present for this celebration. Clayton Rand, of Gulfport, Miss., made the main address.

## Names 10 Points for Finance Officers to Guard in Post-war Era

Declaring that "every business organization must have the financial ability to carry out its post-war planning and to keep in that condition by avoiding the risk of unnecessary losses through careful internal control," T. C. McCobb, controller of the Standard Oil Company (New Jersey) and president of the Controllers Institute of America, offers ten projects which financial officers must set up as their main program if their companies are to meet the post-war problems. Mr. McCobb's points are:

1. Avoid inadequate charges against income for depreciation or amortization of properties with accelerated operations.
2. Make provision to cover repairs deferred because of war.
3. Avoid insufficient provision for bad debt losses.
4. Provide for adjustment of profits on government contracts subject to renegotiation.
5. Provide for the possible replacement of depleted inventories at higher price levels.
6. Guard against over-investment in plant facilities.
7. Keep short-term financing under control.
8. Avoid unwise dividend distributions.
9. Follow collections closely. Government accounts usually are in large amounts and remain unpaid for an abnormal length of time.
10. Avoid indifference to mounting operation expenses. During the war period the question of expense is likely to be subordinated to the task of production. There is a lamentable tendency in some quarters to be less careful about the expense of doing business because a large part of these costs will be passed on to the government in tax deductions. Obviously, business will be faced with the problem of overcoming such expense momentum when wartime demands disappear and competition increases.





The awards of Associate and Fellow of the National Institute of Credit are becoming more and more recognized as the professional hall-marks of the qualified credit manager.



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#### ACTIVE CHAPTERS

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DETROIT  
JOHNSTOWN  
KALAMAZOO  
KANSAS CITY  
LOS ANGELES  
LOUISVILLE  
MILWAUKEE  
MINNEAPOLIS  
NEW YORK  
OKLAHOMA CITY  
OMAHA

PHILADELPHIA  
PITTSBURGH  
PORTLAND  
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SPOKANE  
SYRACUSE  
TOLEDO

**National Institute of Credit**  
ONE PARK AVENUE • NEW YORK

# Honesty Insurance as an Aid to Credit

By W. J. PURCELL  
Assistant Secretary,  
National Surety Corporation,  
New York, N. Y.

**EN** When a substantial amount of credit is to be extended, credit managers usually determine the amount of fire insurance carried and its relation to the assets subject to damage or destruction by fire. This is every important, because a serious uninsured fire loss can immediately change the credit status of a business. But many credit men overlook the constant hazard which exists by reason of an uninsured . . . embezzlement loss, which likewise may impair the credit standing.

Someone may ask, do you really mean that some embezzlement losses are so large they actually impair the credit standing of a business? Yes, this has happened more often than the records show. Of course, the size of the loss as compared to the financial standing of the concern is an important factor.

I am relating below some cases taken from our files. I have given as much detail as space will permit. Needless to say, we would not have bonded these individuals had their background not been good and their previous record clear.

## Examples of Heavy Losses

**A** FEW years ago a very successful small manufacturing concern discovered that its office manager and bookkeeper working in collusion had stolen considerable money. The means used to obtain the money were many, but the one frequently used was to fail to credit an account and to withdraw these funds by checks to cash, which the office manager induced the secretary of the company to sign by specious reasons and explanations. The loss exceeded \$150,000.00 and the firm was compelled to reorganize under 77B.

Mr. X had been in the employ of a large department store for twenty-seven years. During most of this time he had been manager of the fur department, and the buyer. He suddenly concluded — apparently — that

he had not received enough for his services and proceeded to sell pelts, fur coats and other merchandise which had been purchased for the firm, retaining the proceeds—\$3,000.00—for his own use. When his operations were discovered, he freely admitted them and contended, apparently in all sincerity, that his long years of service with the store entitled him to take liberties with their merchandise. Was this a case for the district attorney or the psychiatrists?

## This One Had New Plan

**MR.** "A" was 41 years of age and manager of the clothing department of an exclusive clothier and haberdasher. He had been in this position for six years and for the preceding fourteen years had held similar positions with other concerns in the same line. He had authority to make cash allowances on complaints of customers; and it developed that he had, for several years, been making fictitious allowances and getting the money himself, the total amount thus taken reached \$4,259.87.

Mr. "B" was 33 years of age and married. He had been employed by a hotel company for eight years as auditor.

He obtained \$4,211.60 by the following comparatively simple method. He would list all receipts for the various departments, but in making his additions he would drop \$50.00 or \$100.00, thus showing the totals for less than the amount of the receipts, and the difference he would pocket.

Miss X, a very capable young woman, having begun a business career, advanced rapidly and at the end of eight years was the head cashier in the office of a public utility company, receiving a salary of \$1,600 a year—a good salary for the small town in which she lived. She then became acquainted with the right young man and agreed to marry him. She wanted a nice outfit, but

having been a good spender she just didn't have the money so she concluded to have her employer give her the outfit; and without asking anyone, she just took the money and adjusted one of the large accounts to cover it.

Her husband earned \$1,800—a family income of \$3,400—apparently quite sufficient; yet it was not enough to satisfy the lady, so she continued to draw what she needed, manipulating three large accounts to cover; and at the end of five years, she was short \$8,688, an amount just about equal to the salary she had received during the period.

## This One Beat the System

**MR.** "A" had been employed for six years as cashier at a branch office. The company had a good system. The branch was audited every three months and though "A" thought it inadvisable to attempt to conceal the shortage from the auditors, he found a way to make a "kill" and a quick getaway.

He had charge of the petty cash account in which he was authorized to deposit certain small funds received each day. These funds were kept in a special petty cash account at the same bank where the regular account was maintained. He was required to send a receipted duplicate deposit slip to the home office every day, showing deposits in the regular account. By placing many deposits intended for the regular accounts in the petty cash account, he succeeded in building up this account to a substantial amount. He had no authority to sign checks, but he was authorized to make up small checks for the petty cash account. He presented checks for small amounts on this account and had them signed and then raised them and collected the proceeds. In one instance, he raised a check from \$6.00 to 6,000.00 and the total amount thus obtained, all in the space of one month, was \$15,000.00. He was covered for \$5,000.00 and we paid that amount, leaving an excess loss of \$10,000.00.

"A" and his wife left for Europe, where with the assistance of our then foreign offices, we succeeded in having him apprehended and convicted. Incidentally, we recovered about \$9,000.00 and as our bond provides in the event of an excess loss, all salvage shall belong to the insured.



# Discount Chislers - - -

Here's an effective yet friendly means of impressing these profit "gyppers" that your terms of sale mean just what the words say and nothing less.

**Sanctity of the Sales Contract**

The Sanctity of the Sales Contract must be firmly upheld in its every condition and shreds.

The of regarded the unearned Comp terms and intelligently Let A be known

**Are You Fair to Yourself?**

The cash discount premium is the nearest thing to

You are not glance at this

Can You Afford NOT To Earn Your Cash Discount?

NA One

THE A.M.

**Good Will and \$\$\$**

The most valuable of your intangible assets is good will. You cannot see your finger on it, but it shows a most significant part

In some of your recent remittances an improper deduction of discount was made, to which we called your attention at the time. As your latest remittance is also incorrect, may we remind you and that it are to these seeing that

be obtained using TO goods wh enforcement vent loss of

be brought to and losses into dollars.

NAEN CITY

**Do you know**

How seriously your credit standing is affected by neglect or indifference to the correspondence of your creditors relating to overdue accounts?

remit when due, don't let the reason. He may make an un- ve him the reason straight, and among business men that is

**RESPONDENCE IS A MOST VALUABLE BUSINESS BUILDER.**

ION OF CREDIT MEN

NEW YORK CITY

**Did You Ever Stop to Think**

That cash discount terms are a carefully predetermined factor in fixing the price at which merchandise is sold?

Business needs your co-operation in fulfilling the sales contract. Fairness in respecting discount terms is an absolute requisite to sound business practice

**THE CASH DISCOUNT APPLIES FOR A LIMITED PERIOD—OBSERVE THIS LIMIT AS YOU WOULD A LEGAL AGREEMENT**

**NATIONAL ASSOCIATION OF CREDIT MEN**

One Park Avenue New York City

THE A.M.

## LETTER ENCLOSURES OF PROVEN EFFECTIVENESS:

Ten different styles of enclosure cards present your message briefly, forcefully, and with the necessary degree of tact. The Association's name and seal on these attractively colored cards lends cordiality and strength.

Subjects covered include the need for insurance, promptness in correspondence, observance of sales contracts and discount terms, the advantages of discounting, cancellation of orders, and the importance of furnishing financial statements.

### PRICES, POSTPAID

500 .....	\$1.75
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Special combination offer—100 of each of 10 styles for \$3.00

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PUBLICATION DEPARTMENT

**NATIONAL ASSOCIATION OF CREDIT MEN**  
**ONE PARK AVENUE      :-:      :-:      NEW YORK CITY**

## Executive Manager's Report on NACM

(Continued from Page 30)

well as in the discontinuance for the duration of the Summer Institute of Credit Management conducted annually since 1941 in conjunction with Babson Institute at Babson Park, Mass.

Although the number of credit men, particularly those in the younger age category, who were the eligibles for the promotional work of the various chapters was reduced, there was on the other hand a noticeable increase in interest and registration in courses on the part of credit women engaged in credit work. Active chapters at present total 34.

During the past year 67 Associate awards and 60 Fellow awards have been issued bringing the total of these two categories since the organization of the Institute to 1175 and 587 respectively.

In the past twelve months a total of 744 course certificates have been issued.

During the past year the Legislative branch of the N.A.C.M. has been watching over and assisting in the enactment, modification and repeal of measures affecting credit and finance. Major endeavors have been directed toward the following:

1. *Accounts Receivable.* The model law on receivable drafted in September 1941 has been revised in small although important ways and as now reading, we feel it offers reasonable protection to the unsecured creditor.

2. *Par Clearance.* Through educational and other channels we have given considerable attention to the subject of par clearance. The Legislative Department is doing what it can to encourage all local associations to strive for the passage in their States of a bill similar to that recently placed on the statute books of Iowa.

3. *Bulk Sales Law.* The Association has drawn up a model bulk sales law based on the very satisfactory New York Bulk Sales enactment and presented it for consideration to all local associations.

4. *Assumed Names Law.* A model assumed names law has been drawn and circulated throughout the local associations.

5. *Renegotiations of Government Contracts.* We have made presentations to Washington as to amendments on this law, etc. Also, we are constantly in touch with our association members through letters, bulletins and personal addresses according them what enlightenment we can on the renegotiation problem.

6. *Termination Clause in Government Contracts.* Considerable attention has been given to the redrafting of this clause. We have made recommendations to the Government Committee established for that purpose and are constantly advising with our members as to Federal procedure along this line.

7. *Payment Bonds on Government Contracts.* We worked with other organizations in helping to persuade the U. S. Army to restore payment bonds on Government contracts.

8. *Army Exchange Stores and Navy Ships' Service Departments.* An endeavor has been made to clarify this picture for our members from a credit standpoint.

9. *Small Business and Adjustment Bureaus.* We have been laboring with the Senate Small Business Committee and the Smaller War Plants Corporation in Washington in an effort toward establishing Government surcease for small business. Also, we have tried to create in the minds of the powers that be, the realization that Adjustment Bureaus of the National Association of Credit Men are sufficiently experienced and generally worthy to assume the work involved in liquidations, assignments, etc. which may be a result of the war economy. Consequently, the Senate Small Business Committee, which for a while contemplated setting up departments which would have been in part in competition with our Adjustment Bureaus, now apparently has dropped this idea and instead, informally states that it is the present intention for such purposes to fall back upon the services of organizations such as our own.

10. In the matter of new tax legislation this organization submitted the views of its membership by an endorsement of the pay-as-you-go principle in taxation.

In our present and future plans, we are continuing to give extra attention to the following: (1) Accounts receivable legislation, (2) Par

clearance of checks, (3) Renegotiation of government contracts; termination clause, (4) Protection of small business in the war economy and the reconversion to peace time pursuits, (5) Careful scrutiny of all tax legislation that is proposed in an endeavor to secure its economic soundness.

During the past year our magazine "Credit and Financial Management" has featured articles by leading writers on such problems as Renegotiation, Contract Terms, the Credit Problems of Supplying Materials to War Contractors, Payment and Performance Bonds, and an advance study of business conditions arising after Victory.

The 1943 edition of Credit Manual devoted almost one-third of its 840 pages to the credit problems connected with war production. The Monthly Business Review has centered almost exclusively on these war production problems and has been widely quoted in the Nation's press as a leader of sane business opinion.

The Financial Statement Forms sold by our organization have been revised so as to care for special situations arising from the war period.

The Association's Public Relations activity during the past year has laid particular emphasis on promotional aspects of the Association's various activities. This is in addition to the regular publicity work which during the past year has produced a total of some 5,000 newspaper articles and editorials published in the country's newspapers. In addition, the Public Relations Department was instrumental in placing special features and articles in some eighty trade and business publications during that period.

In promoting the Association's various activities the Public Relations Department—working in conjunction with department heads—has edited, planned, and produced several promotional folders and pamphlets as well as reprints of pertinent material to aid the work of the local Associations in connection with their Collection Bureaus, Adjustment Bureaus, Credit Interchange Bureaus and general membership matters.

Liaison work was maintained during the year with other trade and business organizations such as the U. S. Department of Commerce, the National Foreign Trade Council, the



National Association of Manufacturers, the National Industrial Conference Board, the Association of American Railroads, etc. In this connection the aim was to coordinate the work of the National Association of Credit Men with the efforts of these respective organizations along parallel lines.

During the past fiscal year the Fraud Prevention Department continued its investigations of individuals suspected of violating the laws both Federal and State, covering commercial fraud and in this period 40 investigations were handled, 13 convictions were obtained and 20 indictments were returned.

In the latter part of 1942 the Committee, headed by Mr. William G. Betsch, of Wm. Iselin & Co. Inc., New York City, its national Chairman, increased the territory, to be serviced by adding the entire State of Pennsylvania, which branch was made possible by the continued support of concerns located in the east and also by those of the middlewest, where a marked renewal of interest in the work of the Department is being shown.

Beginning in November 1942, a series of monthly bulletins covering various phases of commercial fraud was instituted, these bulletins being mailed monthly to all of the supporters of the Department's activities.

It is our plan to form committees composed of representatives of large concerns in many commercial centers located in the territory that is now being serviced and which territory consists of 12 states.

As heretofore, the Department has received the closest cooperation from the Federal, State and County Prosecuting authorities.

All local organizations have been kept fully advised during the year of the diligent labors performed by the Special Survey Committee, which was appointed at the National Board Meeting last fall. The report of this committee will be studied carefully by the National Board, and the local Managers in their meeting and will continue to be given special study by local Association officers and members. We know that our membership appreciates fully the services of this committee.

In closing this report I want to

# Business Thermometer

## Wholesalers' Sales, Inventories, and Credits

March 1943



Reports from 2,708 wholesalers representing most kinds of business showed sales up 7 per cent for March 1943 compared with March a year ago, according to an announcement released today by J. C. Capt, Director of the Census. For the first 3 months of this year sales were slightly (3%) over those for the like period of 1942, and for this March over the preceding month, sales gained 10 per cent.

This monthly study is conducted

express again my entire confidence in the future of our organization. I do not believe that there has ever been a time in the history of the organization when the membership was more loyal or more steadfast in its belief in the need for the services of their own organization. With that belief and with the growing needs for such a Credit Association I feel that our organization must continue its progress.

I want to thank all who have cooperated with me and with the National Office so actively during the past year. I extend special thanks to the National President and Vice Presidents; the National Board of Directors, the Credit Interchange Board of Governors, the members of our National Committees and to the local officers and managers. It is obvious that close cooperation is essential if we are to accomplish that which we have a right to hope for. With that close cooperation I know that we will continue to go forward.

As many of you realize, I have not been able to devote the normal amount of time to the Association work. Though I have been in constant touch with Association activities may I at this time pay tribute to the many members of the staff who have served me so loyally and may I particularly express my appreciation in this open meeting to the fine service given by the Assistant Executive Manager, David A. Weir.

jointly by the National Association of Credit Men and the Bureau of the Census. Detailed figures are presented in the following table in summary for the United States and, insofar as the data permit without disclosing individual operations, by geographic divisions.

For March 1943 over March 1942, of the 35 trades shown separately in this survey, sales increases of 2 per cent to 70 per cent were registered for 25 trades and decreases of 4 per cent to 20 per cent, for 9 trades. One showed sales at approximately the same level as last year. Substantial gains in dollar volumes were scored by wholesalers of fresh fruits and vegetables, 46 per cent; beer, 43 per cent; specialty lines of groceries and foods, 32 per cent; dry goods and tobacco and its products, each 22 per cent; drugs and sundries (liquor excluded), 20 per cent; and meats and meat products, 15 per cent. Moderate increases were recorded by full-line wholesalers of groceries and foods (14%), voluntary-group wholesalers of groceries and foods and wholesalers of paints and varnishes (each 10%), wholesalers of automotive supplies (6%), and of industrial supplies (4%).

At the close of March 1943, inventories, in terms of dollars based on cost values, were 23 per cent under their March 1942 level, but were at approximately the same level as that of February 1943.

Collections on accounts receivable were up more than 29 per cent for March 1943 compared with March 1942 and up 12 per cent compared with February 1943. For March 1943 the collection ratio was 106; for March 1942, 82; and for February 1943, 95. Accounts receivable were 14 per cent less as of March 1, 1943 than as of March 1, 1942. At the beginning of March this year, accounts receivable were slightly (2%) more than on February 1, 1943.

# Wholesalers' Sales and Inventories—March 1943

Kind of Business	Sales—Current Month				Sales—Year-to-Date		Inventory—End-of-Month (At Cost)				Stock-Sales Ratios <sup>a</sup>		
	Number of firms reporting sales	Percent Change		March 1943 (Add 000)	Percent change from 3 Mos. 1942	Three Months 1943 (Add 000)	Number of firms reporting stocks	Percent Change		Mar. 31, 1943 (Add 000)	Mar. 1943	Mar. 1942	Feb. 1943
		March 1943 vs. March 1942	March 1943 vs. Feb. 1943					March 1943 vs. March 1942	March 1943 vs. Feb. 1943				
United States .....	2,708	+ 7	+10	\$333,704	+ 3	\$1,020,128	1,715	-23	- 1	\$211,224	107	148	119
Automotive Supplies .....	171	+ 6	+ 9	3,669	- 7	12,551	93	-26	- 2	3,561	175	257	202
Chemicals (industrial) .....	18	- 1	+ 9	1,340	- 2	5,501	13	- 2	+ 6	979	97	100	98
Paints and Varnishes .....	62	+10	+12	3,541	+ 5	9,979	17	-15	- 3	1,302	158	211	184
Clothing and Furnishings, except Shoes .....	44	+ 7	+38	4,658	- 4	11,530	21	-29	-17	870	69	129	95
Shoes and Other Footwear .....	30	- 4	+ 6	17,229	+ 3	50,979	16	-30	- 6	4,003	47	64	56
Coal .....	7	+70	+16	1,465	+36	4,304	b	b	b	b	b	b	b
Drugs and Sundries (liquor excluded) .....	122	+20	+16	25,503	+15	75,764	94	+ 4	+ 5	30,039	148	172	165
Dry Goods .....	90	+22	+ 7	20,409	+26	57,828	49	-28	- 4	15,616	122	210	136
Electrical Goods .....	304	-18	-15	25,495	-26	74,617	267	-57	- 2	13,907	57	109	67
Dairy and Poultry Products .....	24	+48	+32	3,512	+25	9,217	13	-37	- 1	203	18	41	26
Fresh Fruits and Vegetables .....	88	+46	+32	5,220	+34	14,102	58	+ 6	+ 9	615	16	23	20
Farm Supplies .....	9	+41	+46	3,035	+39	6,373	b	b	b	b	b	b	b
Furniture and House Furnishings .....	53	-14	+21	6,318	- 8	21,201	31	-52	-15	4,735	94	159	135
Groceries and Foods, except Farm Products .....	598	+14	- 1	57,228	+10	196,140	370	-16	+ 4	44,541	125	171	122
Full-line Wholesalers <sup>c</sup> .....	305	+14	- 5	24,980	+13	80,347	179	-19	+ 6	19,232	130	186	121
Voluntary-group Wholesalers .....	139	+10	d	18,354	+ 2	64,363	99	-18	+ 3	16,412	152	206	154
Retailer-cooperative Warehouses .....	18	- 5	- 2	3,684	- 4	12,463	13	-21	+ 2	3,148	113	133	111
Specialty Lines .....	136	+32	+ 9	10,210	+23	38,967	79	+11	+ 5	5,749	77	96	80
Confectionery .....	41	+61	+24	1,299	+47	3,545	25	-23	+ 8	282	53	85	58
Meats and Meat Products .....	87	+15	d	34,144	+11	107,073	62	-22	-10	5,452	40	62	45
Beer .....	62	+43	+27	1,599	+34	4,346	49	+ 9	- 6	505	37	49	51
Wines and Liquors .....	23	+52	+20	6,168	+46	26,237	17	+ 2	- 3	8,054	143	212	178
Liquor Department of Other Trades <sup>e</sup> .....	37	+46	+19	8,331	+35	23,802	35	-26	+ 3	7,555	91	181	107
Total Hardware Group .....	346	- 7	+15	40,883	-11	124,639	221	-29	- 3	41,755	151	197	180
General Hardware .....	134	- 9	+15	23,525	-14	71,055	81	-32	- 5	27,324	170	217	206
Industrial Supplies .....	111	+ 4	+15	11,693	+ 1	37,017	76	-18	d	11,105	130	176	148
Plumbing and Heating Supplies .....	101	-20	+15	5,665	-15	16,567	64	-38	- 2	3,326	112	142	127
Jewelry .....	34	+17	+ 6	2,121	+20	6,099	20	-19	+ 6	2,658	179	278	187
Optical Goods .....	16	+14	+ 5	272	+ 7	860	6	+ 6	+ 3	115	160	183	160
Lumber and Building Materials .....	54	- 6	+24	3,533	- 3	11,210	39	-18	+ 3	2,995	126	145	152
Machinery, Equipment and Supplies, except Electrical .....	63	-14	+ 8	3,273	-11	9,854	41	-29	+ 4	3,293	149	184	163
Surgical Equipment and Supplies .....	18	+19	+10	869	+14	3,596	10	+ 8	+ 3	663	100	113	105
Metals .....	30	+ 2	+ 3	3,717	+ 3	14,015	16	+ 2	+16	3,779	159	155	135
Paper and Its Products .....	93	- 7	+16	6,990	-15	19,882	48	- 7	- 1	5,310	142	134	161
Petroleum .....	9	+ 6	+17	22,263	+ 4	61,222	5	- 4	+ 1	322	56	58	77
Tobacco and Its Products .....	139	+22	+14	17,057	+17	45,316	55	+16	- 7	5,820	68	72	82
Leather and Shoe Findings .....	18	+28	+14	555	+20	1,471	b	b	b	b	b	b	b
Miscellaneous .....	18	- 7	- 6	2,008	+ 5	6,875	24	-13	-15	2,295	106	136	138

<sup>a</sup> These stock sales ratios are percentages obtained by dividing stock by sales for an identical group of firms. <sup>b</sup> Insufficient data to show separately. <sup>c</sup> Not affiliated with voluntary or cooperative groups. <sup>d</sup> Less than 0.5 percent. <sup>e</sup> Chiefly of the wholesale drug trade.

## Wholesalers' Accounts Receivable and Collections—March 1943

Kind of Business	Collection Percentages <sup>a</sup>				Accounts Receivable		
	Number of firms reporting	March 1943	March 1942	February 1943	Percent change		As of March 1, 1943 (Add 000)
					Mar. 1943 vs. Mar. 1942	Mar. 1943 vs. Feb. 1943	
United States .....	2,267	106	82	95	-14	+ 2	\$249,755
Automotive Supplies .....	142	86	73	86	-25	b	3,066
Chemicals (industrial) .....	17	89	75	82	-17	+ 5	1,222
Paints and Varnishes .....	61	75	61	74	-17	- 2	4,282
Clothing and Furnishings, except Shoes .....	42	97	70	72	-18	+13	4,594
Shoes and Other Footwear .....	27	72	47	72	-18	+10	11,793
Coal .....	7	93	72	62	+16	+ 2	1,464
Drugs and Sundries (liquor excluded) .....	113	100	76	91	-11	- 2	21,509
Dry Goods .....	83	73	53	66	- 3	+ 7	25,243
Electrical Goods .....	283	77	76	66	-23	- 1	31,372
Dairy and Poultry Products .....	18	191	140	152	+ 6	+ 7	1,546
Fresh Fruits and Vegetables .....	73	181	144	149	+26	+10	1,871
Farm Supplies .....	6	126	102	109	+51	+51	1,794
Furniture and House Furnishings .....	42	88	61	77	-37	+ 5	6,003
Groceries and Foods, except Farm Products .....	449	140	108	132	-13	b	33,341
Full-line Wholesalers <sup>c</sup> .....	217	129	100	123	- 8	+ 2	15,851
Voluntary-group Wholesalers .....	112	151	110	139	-20	- 1	9,948
Retailer-cooperative Warehouses .....	15	225	183	227	-25	+ 3	1,369
Specialty Lines .....	105	134	101	125	- 9	- 1	6,173
Confectionery .....	22	116	80	105	-15	- 5	431
Meats and Meat Products .....	77	197	170	184	+ 4	- 1	17,063
Beer .....	26	126	110	113	- 1	+10	309
Wines and Liquors .....	18	133	93	114	+ 5	b	4,119
Liquor Department of Other Trades <sup>d</sup> .....	33	133	77	106	- 3	- 9	6,816
Total Hardware Group .....	325	87	69	77	-21	+ 4	40,958
General Hardware .....	126	91	65	82	-32	+ 7	22,176
Industrial Supplies .....	100	87	80	75	+ 7	+ 8	12,119
Plumbing and Heating Supplies .....	99	77	67	68	-19	- 8	6,663
Jewelry .....	26	62	28	55	-45	+17	2,048
Optical Goods .....	13	76	60	70	-11	+ 6	275
Lumber and Building Materials .....	50	95	73	83	-20	- 9	3,212
Machinery, Equipment and Supplies, except Electrical .....	53	91	66	67	-23	- 6	3,349
Surgical Equipment and Supplies .....	17	67	52	64	- 7	- 3	1,151
Metals .....	28	128	118	105	+ 1	- 7	3,072
Paper and Its Products .....	80	78	75	72	-17	+ 3	7,355
Petroleum .....	6	136	112	113	-28	- 1	383
Tobacco and Its Products .....	99	168	129	150	- 4	+ 3	7,884
Leather and Shoe Findings .....	16	87	56	77	-27	+ 6	411
Miscellaneous .....	15	88	78	77	+11	- 4	1,769

<sup>a</sup> Collection percentages are obtained by dividing the collections by accounts receivable for an identical group of firms. <sup>b</sup> Less than 0.5 percent. <sup>c</sup> Not affiliated with voluntary or cooperative groups. <sup>d</sup> Chiefly of the wholesale drug trade.